

MANAGEMENT REPORT AND ACCOUNTS

2020



ESTORIL SOL SGPS SA

ESTORIL-SOL, SGPS, S.A.

Fully paid up share capital: 59.968.420 Euros

Headquartered at: Av. Dr. Stanley Ho, Edifício do Casino Estoril, 2765-190 Estoril - Cascais

Tax id number: 500 101 221



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BOARD OF THE ANNUAL GENERAL MEETING

Chairman	- Pedro Canastra de Azevedo Maia
Deputy Chairman	- Tiago Antunes da Cunha Ferreira de Lemos
Secretary	- Marta Horta e Costa Leitão Pinto Barbosa

ADVISORY BOARD

Chairman	- Rui José da Cunha
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REMUNERATION COMMITTEE

- Pansy Catilina Chiu King Ho
- Jorge Armindo de Carvalho Teixeira
- Calvin Ka Wing Chann

BOARD OF DIRECTORS

Chairman	- Pansy Catilina Chiu King Ho
Deputy-Chairmen	- Mário Alberto Neves Assis Ferreira
	- Patrick Wing Ming Huen
Members	- Ambrose Shu Fai So
	- Maisy Chiu Ha Ho
	- Man Hin Choi
	- António José de Melo Vieira Coelho
	- Vasco Esteves Fraga
	- Jorge Armindo de Carvalho Teixeira
	- Calvin Ka Wing Chann
	- Miguel António Dias Urbano de Magalhães Queiroz

AUDIT BOARD

Chairman	- Manuel Maria Reis Boto
Deputy-Chairmen	- Vitor Pratas Sevilhano Ribeiro
	- Paulo Ferreira Alves
Alternate	- Lisete Sofia Pinto Cardoso

COMPANY SECRETARY

Secretary:	- Carlos Alberto Francisco Farinha
Alternate:	- Artur Alexandre Conde de Magalhães Mateus

STATUTORY AUDITOR

- Deloitte & Associados, SROC, S.A., represented by Pedro Miguel Argente de Freitas e Matos Gomes



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Dear Shareholders,

Pursuant to the legal and statutory provisions, we hereby present and submit the Annual Report and the Separate and Consolidated Accounts, referring to the year ended 31st December 2020, for your appreciation.

1. THE COMPANY

Estoril Sol, S.A. was incorporated on 25 June 1958 and its company object is “the operation of the gambling concession, on an exclusive basis, in the Estoril permanent area, including other related trade and industries”.

On 18 March 2002, ESTORIL-SOL, S.A, modified its legal status to “Holding Company, SGPS”, Public Corporation, thereby no longer directly conducting any business activities, and such business is now to be conducted by various associated undertakings which have been incorporated for this purpose.

The Company held indirectly through subsidiaries interests in the tourism sector, in particular, in gaming activities at casinos. The Company owns the Game Concessions of Estoril (Casino do Estoril and Casino Lisboa) and Póvoa de Varzim (Casino da Póvoa). The Company has been present since 2016 through one of its subsidiaries in the online gambling business, holding two licenses, one license for online casino games and another for online sports betting.

During the course of the year we regularly monitored in detail the current management of the subsidiary companies, giving particular attention to the negative effects caused by the limitations imposed on the normal operation of territorial-based activities within the scope of the Covid-19 pandemic containment measures decreed by the Government, to the evolution of game revenues in Portugal and in the gaming concessions operated by the Group, and to the rebalancing of gaming concession contracts and the Government's intention in this regard and also with the ending of the current gaming concessions in Portugal, namely, Estoril and Figueira da Foz.

2. SHARE CAPITAL, SHARES AND DIVIDENDS

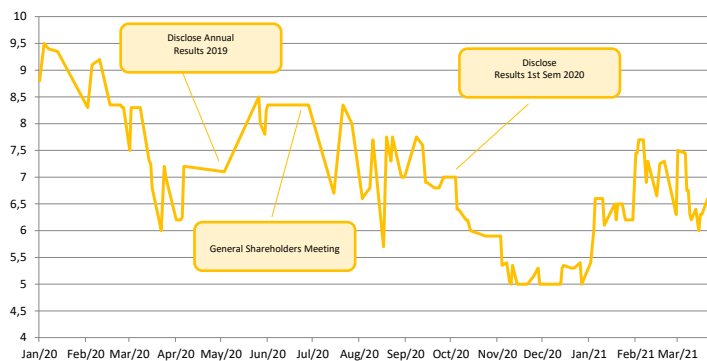
At 31st December 2020, the share capital of ESTORIL-SOL, S.G.P.S., S.A. was 59,628,420 Euros, represented by 11.993.684 shares with a nominal unit value of 5 (five) Euros.

At the time this report was prepared, ESTORIL SOL, SGPS, S.A. held 62,565 treasury shares.

During the year 2020, the Company, did not sold or acquired treasury shares.

The Company's shares are listed on the Lisbon Stock Exchange since February 14, 1986. (Euronext Lisbon ISIN PTESO0AM0000)

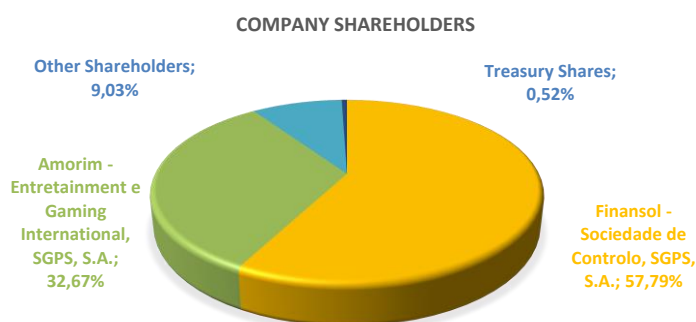
**Estoril-Sol, SGPS, S.A.
Shares price - evolution**



The price and trading volume of Estoril-Sol, SGPS, SA securities, on the dates of reporting to the market during the year 2020 were according table below:

Disclosure	Date	Qtd	Price (Euros)			
			Open	High	Low	Close
Annual results for 2019	30/04/2020	38	7,10	7,10	7,10	7,10
Annual Shareholders Meeting	29/06/2020	1	8,35	8,35	8,35	8,35
Results - 1 st Semester 2020	30/09/2020	46	7,00	7,00	7,00	7,00

As at December 31st, 2020 the Company had two reference shareholders, which control 90.46% of the share capital, as infographics to the right:



3. ESTORIL-SOL GROUP

The Group Estoril-Sol focus its activity in the gambling sector. Currently holds two Game Concessions (Estoril and Póvoa de Varzim) and three physical Casinos (Estoril, Lisboa e Póvoa), which together represent approximately 60% of the sector in Portugal.

As a consequence of the new online gaming legislation approved during 2015, the Group founded in September 2015 a new company, Estoril-Sol Digital – Online Gaming Products and Services, S.A., in order to apply for an online gaming license, which was issued on the 25th July 2016.

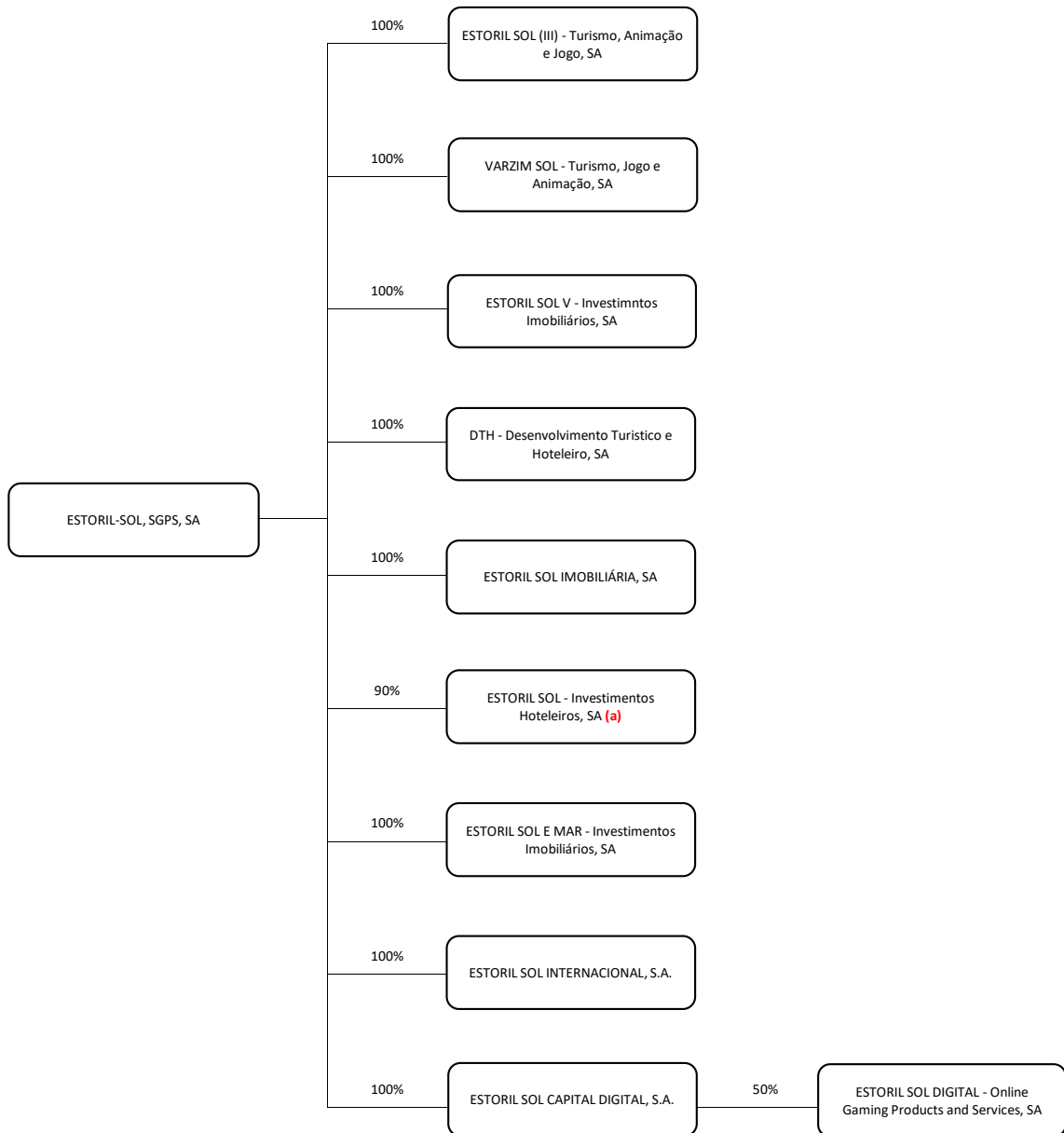
Within the online gaming activities, which is carried out through Estoril Sol Digital, Online Gaming Products and Services, S.A, a subsidiary company of Estoril Sol (III) – Turismo, Animação e Jogo, S.A., a company owned by the issuer (Estoril-Sol, SGPS, S.A.), signed with Vision Gaming Holding Limited, a company based in Malta, an association agreement, through which it holds a minority interest, corresponding to 49.9998% of the share capital of Estoril Sol Digital, keeping the Estoril Sol (III) SA most of the capital and votes in that company (Estoril Sol Digital, Online Gaming Products and Services, S.A.).

The association agreement foresaw that the investment in the share capital of Estoril-Sol Digital corresponding to 50% when renewing the online casino license, which happened on July 24, 2019.

During the year ended December 31st, 2020, Estoril Sol, SGPS, S.A., incorporated a new company, Estoril Sol Capital Digital, S.A., whose area of operation will be the management of the Group's online operations. In October 2020, this company acquired from Estoril Sol (III) the financial stake it held in Estoril Sol Digital - Online Gaming Products and Services, SA, In the year ended December 31st, 2020, the Estoril Sol Group and Vision Gaming Holding Limited both hold a share corresponding to 50% share capital of Estoril Sol Digital - Online Gaming Products and Services, S.A, however Estoril Sol maintains the chairman of the Board of Directors and the control of operations, which is based in Portugal.

During the year ended December 31st, 2020, Estoril Sol, SGPS, S.A., incorporated a new company, Estoril Sol Capital Digital, SA, whose area of activity will be the Group's online operations' management. In October 2020, the 50% financial stake held by the Estoril Sol Group in Estoril Sol Online, company that operates the online casino, was acquired by Estoril Sol Capital Digital, S.A..

ESTORIL SOL – GROUP OF COMPANIES



(a) - Holds 10% of its Share Capital

On December 31st, 2020, ESTORIL-SOL, S.G.P.S., S.A. had the following stakes in the following subsidiaries:

ESTORIL-SOL (III) - TURISMO ANIMAÇÃO E JOGO, S.A., incorporated on 26 July 2001, headquartered in Estoril, the social object of which is the operation of games of chance in areas where this is permitted by law and, in addition, may also operate in the tourism, hotel, restaurant and entertainment industries, as well as providing consultancy services in those areas of activity. This company operates the Estoril and Lisbon Casinos.

Its share capital of EUR 34,000,000 is 100% held by ESTORIL-SOL, SGPS, S.A.

ESTORIL-SOL DIGITAL – ONLINE GAMING PRODUCTS AND SERVICES, S.A. – with a Share Capital of EUR 500,000 is 50% held by ESTORIL-SOL (III) –TURISMO, ANIMAÇÃO E JOGO, S.A.

The Company was founded in September 2015 in order to apply for an online gaming license. The license was issued during July 2016 and the Company immediately started exploring the online gambling activity. During the course of 2017, in August, the company also obtained a license for online sports betting, activity that began on August 6th, 2017.

VARZIM SOL - ANIMAÇÃO, TURISMO E JOGO, S.A., headquartered in Póvoa de Varzim, has the social object, in particular, of operating the gambling concession of Póvoa de Varzim. This company operates the Póvoa de Varzim Casino.

It has a share capital of EUR 33,650,000, 100% held by ESTORIL SOL, SGPS, S.A..

ESTORIL SOL (V) - Investimentos Imobiliários, S.A. - Its share capital of EUR 50,000 is fully paid up by ESTORIL-SOL, S.G.P.S., S.A.. The Company is now idle, but owns a site located on maritime land in the parish of Ericeira.

DTH - DESENVOLVIMENTO TURÍSTICO E HOTELEIRO, SA – With a share capital of EUR 2,429,146, is 100% held by ESTORIL-SOL, SGPS., S.A.. It owns a plot of land in Monte Estoril, where the former Miramar Hotel stood.

ESTORIL - SOL IMOBILIÁRIA, S.A. - With a share capital of EUR 7,232,570, it is 100% owned by ESTORIL SOL, SGPS, S.A.. Its social object is the construction, promotion, management and sale of tourist complexes and real estate. It owns an urban building in Alcoitão, whose purpose is its resale.

ESTORIL SOL - INVESTIMENTOS HOTELEIROS, S.A. - With a share capital of EUR 10,835,000 is 90% held by ESTORIL SOL, S.G.P.S., S.A., with the remaining 10% being held by the company itself.

ESTORIL SOL E MAR - Investimentos Imobiliários, S.A. - With a share capital of EUR 1,286,000, is fully paid up by ESTORIL-SOL, SGPS, S.A.. It owns an urban building in Estoril, whose purpose will be its resale.

ESTORIL SOL INTERNACIONAL, S.A. - With a share capital of EUR 50,000, it is 100% owned by ESTORIL-SOL, SGPS, S.A., the area of operation will be the management of international projects / operations of the Estoril Sol Group.

ESTORIL SOL CAPITAL DIGITAL, S.A. – With a share capital of EUR 2,000,000, it is 100% owned by ESTORIL-SOL, SGPS, S.A., whose area of operation is the online operations’ management of Estoril Sol Group. In October 2020, the 50% financial stake held by the Estoril Sol Group in Estoril Sol Online, company that operates the online casino, was acquired by Estoril Sol Capital Digital, S.A..

4. RELEVANT FACTS OCCURRED DURING THE YEAR

The World Health Organization declared, on March 11, 2020, the existence of a Pandemic related to Coronavirus 2019 (Covid-19), as a result of which the Portuguese Government has been establishing a set of exceptional and temporary measures related to the epidemiological situation of Covid-19. The adoption of restrictive measures to contain the COVID-19 pandemic resulted in a worldwide recession, severe restrictions on economic activity and a significant impact on the movement of goods and people. This context had different impacts on the business segments in which the Group operates, with territorial-based operations being severely limited and online-based operations favored, similarly to what happened with most economic activities on a global scale.

Following the events mentioned above:

- a) The Group Estoril-Sol, through its subsidiaries Estoril-Sol III and Varzim-Sol, was the first Gaming Concessionaire in Portugal to determine the closure of its physical casinos, having done it voluntarily and as a way to protect employees and customers against the spread of the disease caused by the Coronavirus COVID-19.
- b) The physical casinos closing were authorized, by order of the State Secretary for Tourism, beginning at 3:00 pm on March 14th, 2020, for a minimum period of 14 days, after which the authorities, jointly with gambling concessionaires, reassessed this measure.
After the referred closure required by the Group, the legal duty to close the casinos was determined by the existent dispositions, first by Decrees No. 2-A / 2020 which gives effect to declarations of a state of emergency, decreed by Decree of the President of the Republic No. 14-A / 2020, of 18th March and then successively renewed.
- c) The reopening of the physical casinos of Estoril-Sol Group occurred on June 8, 2020.
- d) In the context of the pandemic evolution during 2020 and the successive circulation restrictions, as well as the duty of lockdown meanwhile imposed on the whole of Portuguese territory, which particularly affected Lisbon and Porto districts and Lisbon, Cascais and Póvoa de Varzim municipalities, the reopening of the Estoril Sol Group casinos did not occur under the same conditions as those existing in the pre-pandemic period. In particular, the opening period of the casinos were severely limited, namely with the imposition of the anticipation of the closing time of the casinos and the obligation to close on Saturdays and Sundays, this imposition with greater incidence in the last quarter of the year. Thus, the limitations described above resulting from the application of restrictive measures associated with the state of emergency, as well as the rapid generalized deterioration of economic conditions that have been occurring, on a global scale, strongly conditioned the activity of the physical casinos of the Estoril Sol Group, as referred in Note 6 to the notes to the consolidated financial statements.
- e) In this context of closing all activity in physical casinos, uncertainty regarding the evolution of the pandemic, its duration and impact on the economic prospects of the Estoril-Sol territorial businesses, the subsidiaries Estoril-Sol III and Varzim-Sol decided to apply, with effect from 10th April 2020, for the “Simplified Lay-off” measure provided in paragraph 1a), article 4 of Decree-Law no. 10-G / 2020, from March 26th.

- f) The “Simplified Lay-off” measure resulted in the temporary suspension of employment agreements or in the reduction of the working hours of the vast majority of Estoril-Sol III workers and Varzim-Sol workers. (see note 6 and 9 to the consolidated financial statements)
- g) Mandatory “Contingency Plans” were immediately activated, in order to safeguard:
- the health and compliance with the basic rules of hygiene and safety at work in this context of a pandemic, to all workers not covered by the Lay-off measure or who have seen their working hours reduced, as well as all providers of external services that continue to ensure the minimum services of the companies involved;
 - the assets, physical facilities and equipment of the subsidiaries affected by the temporary closure of the casinos.
- h) In addition to the measures indicated above, the gaming subsidiaries of the Estoril-Sol Group have also adopted a series of measures with the aim of adapting their cost structure to the current reality. These measures involved the renegotiation of service provision contracts in the gambling areas revisiting the contracted service levels, such as: surveillance, reception and f&b areas, maintenance and cleaning, fees and commissions directly related to the gambling volume and activity on the gaming areas/rooms, as referred in Note 8 to the consolidated financial statements.
- i) In this environment of uncertainty, the Estoril-Sol Group, within the scope to fulfill the respective concession contracts and the continuity of its operations, continued to monitor, with the prudence required in these moments, the economic and contractual impacts resulting from the temporary closure of the physical casinos.
- j) During the year of 2020, Decree-Law nº 106-A / 2020 of December 30, 2020 extended the concession contract for the Estoril permanent gaming area until December 31, 2021.

Regarding the year ended December 31, 2020, the gaming concessionaires, Estoril-Sol (III) - Turismo, Animação e Jogo, S.A. and Varzim-Sol - Animação, Turismo e Jogos, S.A., were exempted from the payment of the minimum annual contribution provided for in the respective concession contracts for 2020 and exempted from the obligations arising from articles 16 (tourism obligations) and 17 (financial autonomy ratio) both of which from the Decree-Law No. 422/89, by order of the Secretary of State for Tourism on 6.1.2021,. The same order specified that the amounts paid by the concessionaires for the realization of the annual consideration and that exceed the final amount due to that title are no longer credited to the concessionaires, without any other compensation.

The credit and compensation for amounts paid in excess is expressly provided for in paragraph 1 of Article 5 of the Concession Contract for the exploration of games of fortune or chance in the Estoril Gaming Zone, which remains unchanged, which is why the Group claims and will continue to claim the recognition of a credit for the year ended December 31, 2020 in the amount of 4,431,585.04 Euros (Note 22 to the notes to the consolidated accounts).

Consistently, and also considering the fact that the guardianship has not formally rejected the amount of the counterparty credit for the amounts paid in excess, the same was determined by the gaming concessionaire, Estoril-Sol (III), and by the Regulation and Inspection Service (SRIJ), as part of the calculation of the annual contribution for the year 2020, and is detailed as follows:

Casino Estoril – 2,534,781.50 Euros;
Casino Lisboa – 1,896,803.54 Euros;

Also during the year ended on December 31, 2020, the Group renewed the online sports betting license, for an additional period of 3 years, for the amount of 12,000 Euros, the same being valid until 3 August 2023, renewable under the terms and conditions set forth in the Legal Regime for Online Gambling and Betting (RJO).

5. FINANCIAL ANALYSIS – MACROCROECONOMIC ENVIROMENT

March 11, 2020, definitely marked the year 2020, the day on which the World Health Organization declared the existence of a Pandemic related to the Coronavirus disease (Covid-19). Since then, a set of exceptional and temporary measures relating to the epidemiological situation of Covid-19 have been established on a global scale. The adoption of restrictive measures to contain the Covid-19 pandemic has resulted in a worldwide recession, severe restrictions on economic activity and a significant impact on the movement of goods and people. The main international bodies, including the International Monetary Fund (IMF), the Organization for Economic Cooperation and Development (OECD) and the World Bank, come up with estimates of annual changes in GDP (in%) of the world economy that fluctuate between -4% to -5%.

The Covid-19 pandemic also profoundly affected economic activity in Portugal in the year 2020. The measures to contain the public health crisis and the cautious attitude of economic agents determined an unprecedented drop in GDP in the first half of the year. The action of monetary, fiscal and prudential policies was decisive in mitigating the crisis, and will continue to play a fundamental role in the recovery dynamics. In this context, Portugal is projected to drop GDP by 8.1% in 2020, followed by growth of 3.9% in 2021, 4.5% in 2022 and 2.4% in 2023. The activity picks up again pre-pandemic level in late 2022.

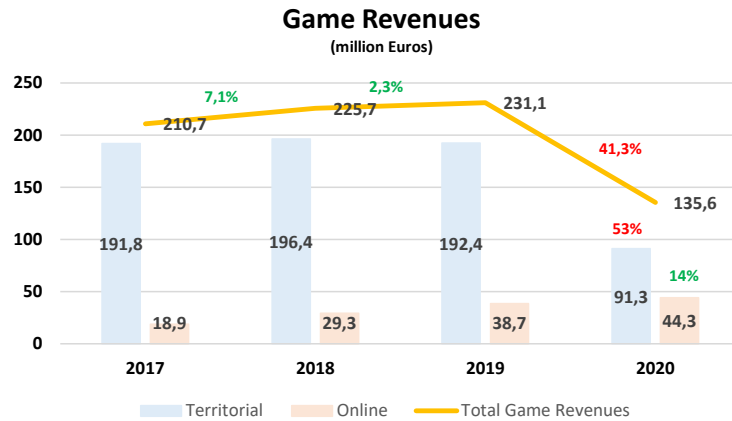
The projections presented assume that the restrictions will be gradually removed from the first quarter of 2021, although the activity will be conditioned until the beginning of 2022, when an effective medical solution will be fully implemented.

(Source: Banco de Portugal - Economic Bulletin December 2020).

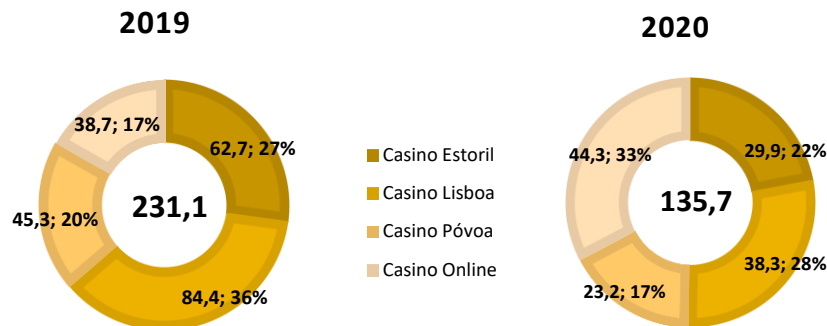
6. FINANCIAL ANALYSIS – ESTORIL SOL SUMMARY

♣ Game Revenues

The year 2020 is marked by the negative effects on the economy caused by the Covid-19 Pandemic. The gaming revenues of the Estoril Sol Group decreased by 41,3%, reaching 135,7 million Euros in 2020 (231,1 in 2019). These effects affected the different segments in which the Group operates in a different way, thus, territorial-based revenues fell 53% to 91,4 million Euros, while online gambling revenues grew 14% to 44,3 million Euros



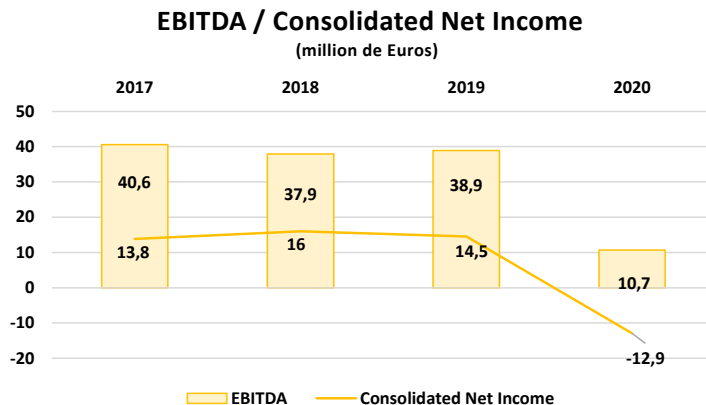
Below: revenue by casino and the relative weight of each casino in the total game revenue.



◆ Group Consolidated Results

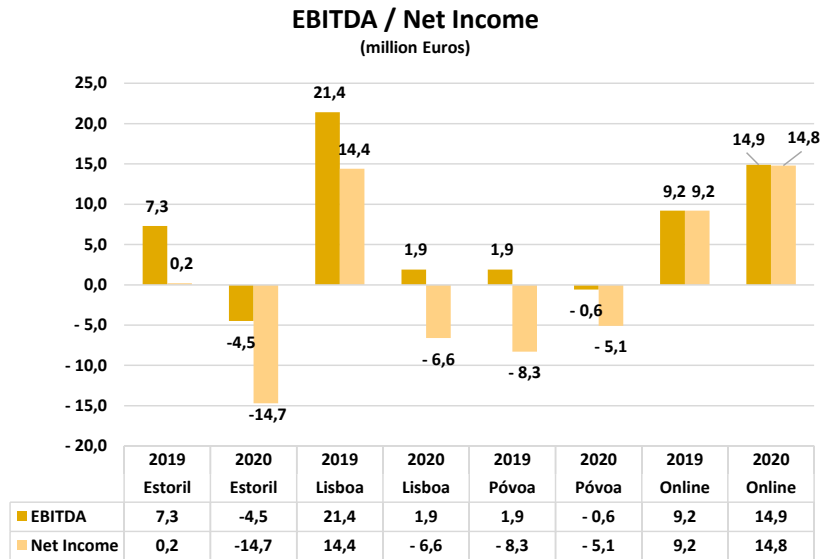
In 2020, the Group's consolidated EBITDA decreased by 72%, reaching 10,7 million Euros.

In 2020, the Group presented negative Consolidated Net Results in the amount of 12,9 million Euros, which compares with profits of 14,5 million Euros achieved in the previous year. These results were negatively impacted by the effects of closing and limit the territorial-based operations, within the scope of the measures to combat Covid-19 Pandemic decreed by the Government.

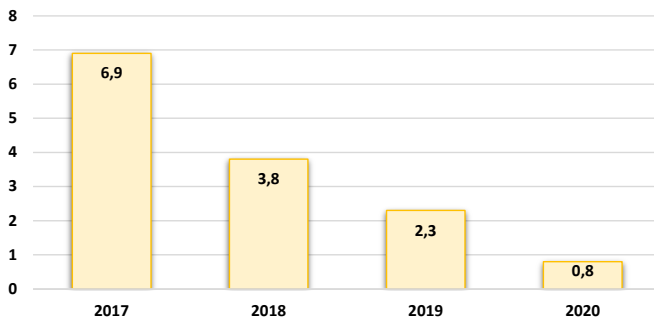


♥ Performance by Segment/Casino

In 2020, only the Group's online operations achieved positive results, with growth rates of approximately 60%. Territorial operations were severely affected by the negative effects of the restrictive measures adopted to control the evolution of the pandemic, yet it should be noted that Casino de Lisboa achieved a positive EBITDA in 2020 in the amount of 1,9 million Euros.



♠ Capex
(million Euros)



investment amounts in recent years coincides with the end of the Estoril Game Concession that includes Casino Estoril and Casino Lisboa.

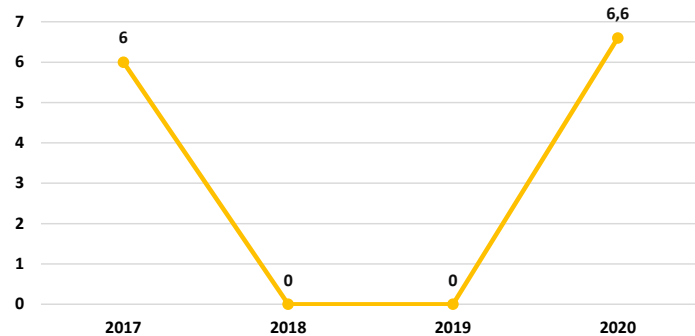
♣ Capex

During 2020, the Group's investment focused on the acquisition of security and IT equipment in order to adapt the casinos to the new reality for the use of common spaces by customers and employees, in accordance with the contingency plans prepared based on the guidelines from the Portuguese Healthcare Regulatory Institute, which allowed the casinos to reopen in June in 2020. The reduction in the

♣ Financial Debt

The Group had been successively reducing its bank liabilities, however, closing and limit the opening hours of the territorial casinos during a significant part of the year forced the Group to increase its credit responsibilities in order to be able to honor its commitments, namely the payment of high annual game tax counterparts, whose payment occurs in January of each calendar year.

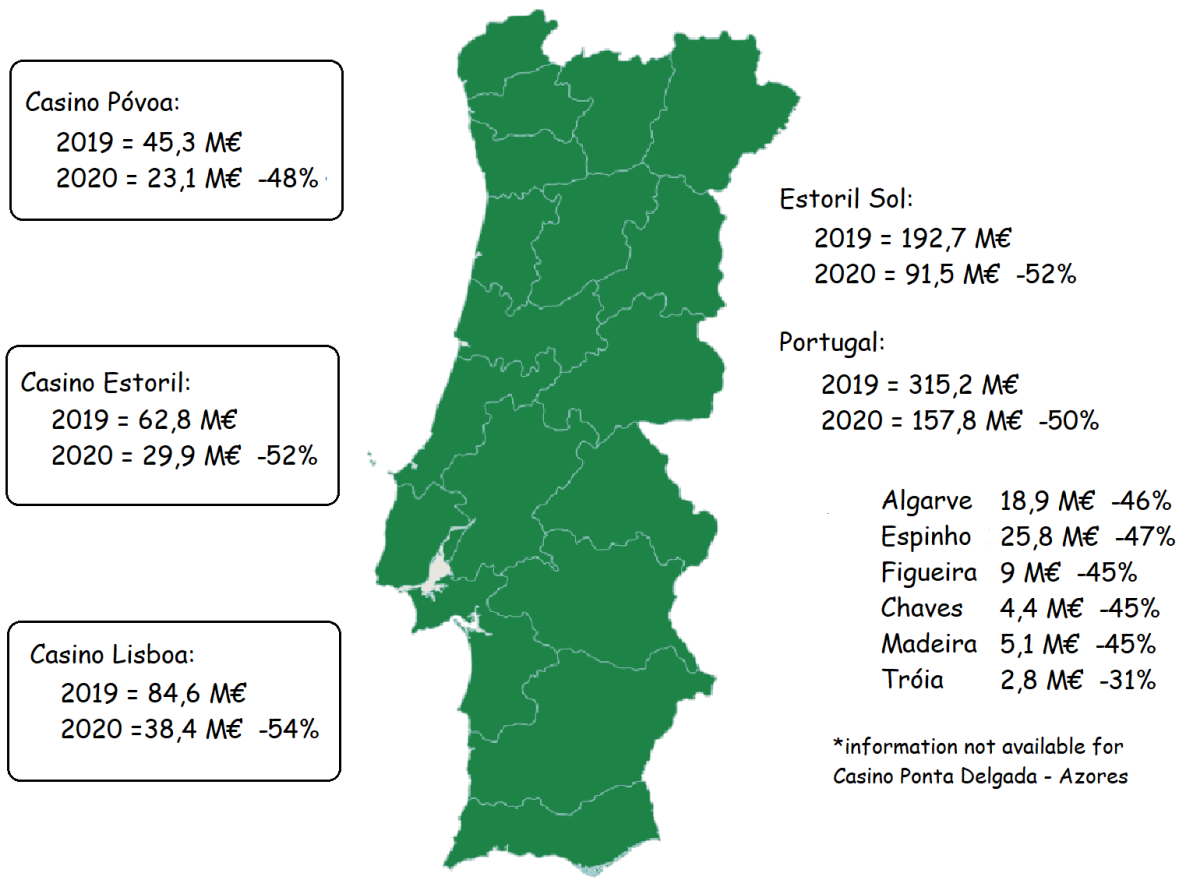
Financial Debt
(million Euros)



7. FINANCIAL ANALYSIS – CONTEXT OF THE INDUSTRY AND THE GROUP ESTORIL-SOL

- TERRITORIAL CASINO GAME REVENUES

GROSS GAME REVENUES (excluding bónus given)



Important note:

During the first half of 2020, the Portuguese Government established a set of exceptional and temporary measures related to the epidemiological situation of Pandemic Covid-19, which had a significant impact on the activity of land-based casinos, of which the following stand out:

- the legal duty to close the casinos was determined by the Portuguese Government between March 18th, 2020 and June 7th, 2020.
- the reopening of the casinos did not take place under conditions identical to those existing before the pandemic. In particular, the daily opening hours of the casinos were severely limited, namely with the imposition of the anticipation of the closing time of the casinos and the obligation to close on Saturdays and Sundays, this imposition with greater incidence in the last quarter of the year.

In Portugal, the gambling activity in territorial casinos is developed by five business groups that exploit, under a public concession, the twelve casinos existing in the national territory.

The Estoril-Sol Group, through its subsidiaries, operates three of the four largest casinos in Portugal under the concession contracts for the Póvoa Varzim (until 2023), which includes the exploration of Casino da Póvoa, and the Estoril concession contract (until 2021), which includes Casino do Estoril and Casino de Lisboa, accounting for 58% of the volume of game revenue generated in Portugal .

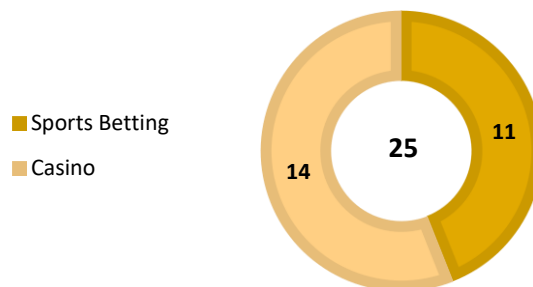
As of this date, the terms and conditions of the specifications relating to the public tender for the award of the new game concession for Estoril are not yet known. The shareholder structure of Estoril-Sol (III), and the respective Board of Directors, remain expectant as to the launch of the public tender, and their intention is to compete for the new game concession for the permanent game zone of Estoril.

- Online

On the 28th June 2015 Legal Regime for Online Gambling and Betting (RJO) approved by decree-law 66/2015 entered into force.

As of December 31, 2020, 15 entities were authorized to engage in online gambling and betting activities in Portugal. Taken as a whole, those entities hold 25 licenses (11 licenses for sports betting and 14 licenses for online casino), 5 more licenses than in the same period of 2019 (9 licenses for sports betting and 11 licenses for online casino).

LICENSES ONLINE



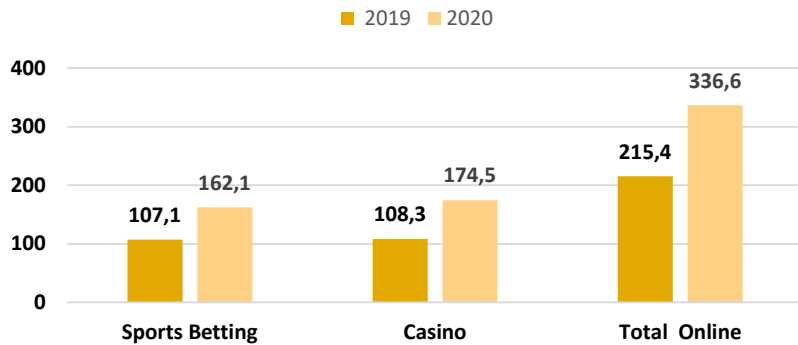
With reference to December 31st, 2020, Estoril-Sol Digital holds the following licenses:

- online casino games license (license no. 3) issued by SRIJ (Portuguese Gaming Industry Regulator), valid until July 24th, 2022 after renewal for an additional period of 3 years, and renewable for periods of three years;
- online sports betting license (license nº8) issued by SRIJ (Portuguese Gaming Industry Regulator), valid until August 3rd, 2023 after renewal for an additional period of 3 years, and renewable for periods of three years.

During the year 2020, online gambling in Portugal generated gross revenues (total bets placed minus players winnings) in the overall amount of 336,6 million Euros, a 56% growth compared to the 215,4 million Euros achieved in 2019.

Game Revenues - Online

(million Euros)



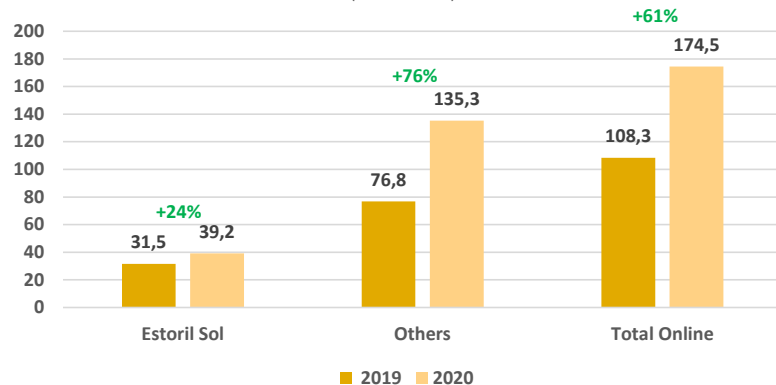
The sports betting segment accounts for 48% (49% in 2019) of the market value and generated gross revenues of 162,1 million Euros, which represents a 51% growth compared to last year.

Casino Games accounts for 52% (51% in 2019) of the market and generated gross revenues of 174,5 million Euros, an overall growth of 61% compared to last year.

During 2020, Estoril Sol recorded gross revenues from online gambling, excluding the effect of bonuses given (amount of placed bets minus players winnings), in the total amount of 51,7 million Euros, 39,3 million Euros related to casino games and 12,4 million Euros related to sports betting

Game Revenues - Casino

(million Euros)

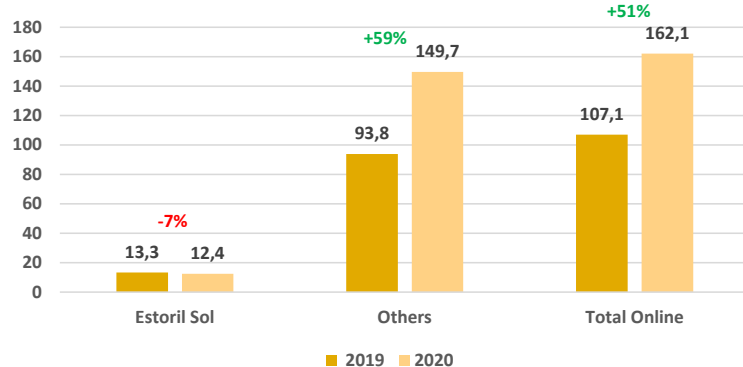


Estoril Sol Digital's gross revenue from casino games, excluding the effect of game bonuses given, represents 22% (29% in 2019) of the total revenue generated in Portugal, amounting to 39,35 million Euros (31,5 in 2019) and grew 24% over the previous year.

Estoril Sol Digital's sports betting gross revenues, excluding the effect of game bonuses given, represent 7% (12% in 2019) of the total revenues generated in Portugal in this type of betting, amounted to 12,4 million Euros (13,3 in 2019), a negative growth rate of 7% compared to the previous year.

Game Revenues - Sports Betting

(million Euros)



8. FINANCIAL ANALYSIS - SEPARATE ACCOUNTS

Estoril-Sol, SGPS, S.A., does not directly engage in any economic activity, its net results are mostly explained by the operating performance of its subsidiaries.

The net result for the financial year 2020 was negative by 20,3 million Euros, and compares with the positive net result of 9,9 million Euros recorded in the previous year. This contraction in the company's results is essentially due to the losses imputed by the territorial-based gaming subsidiaries, Estoril-Sol (III) and Varzim-Sol, which saw their results being negatively impacted by the effects of the adoption of restrictive measures with the purpose to control and contain the Covid-19 Pandemic. The improvement in the contribution from online results, 7,4 million Euros in 2020 (4,5 million Euros in 2019) was not enough to offset the additional losses from Estoril Sol Group territorial operations.

9. FINANCIAL ANALYSIS - CONSOLIDATED ACCOUNTS

During the year 2020, the Group recorded combined gross gaming revenues, territorial and online, in the total amount of 135,7 million Euros, an overall drop of 41% compared to the same period of the previous year. Deducted from the game taxes, the Group's total gaming revenues amounted to 74 million Euros, a decrease of 33% compared to the 111 million Euros achieved in the same period of the previous year.

The evolution of gaming revenues was significantly affected by the effects caused by the Covid-19 pandemic, and these effects led to different behaviours regarding the evolution of gaming revenues, depending on whether it is territorial or online based. The closure of physical casinos decreed by the Government during the period from March 18th to June 7th, 2020 and subsequent limitation of opening hours during a significant part of the second half of the year, was responsible for the 52% drop in territorial game revenues (until February 2020 they had a growth of 6%). In the opposite direction, the restrictive measures adopted to control and contain the evolution of the Covid-19 pandemic benefited the

	2020	2019	Var %
Game Revenues	135 677 289	231 135 593	-41,3%
Special Game Tax	(61 641 450)	(120 115 643)	a)
Effective Tax Rate	45%	52%	
Net Revenue	74 035 839	111 019 950	-33,3%
Lay-Off Subsidy	1 656 303	-	
Other Revenue (F&B / Entertainment)	3 067 415	9 301 169	-67,0%
Operating Costs	(68 087 184)	(81 416 301)	-16,4%
EBITDA	10 672 373	38 904 819	-72,6%
Amortization, depreciation and provisions	(23 182 465)	(19 853 462)	16,8%
Impairment losses (depreciable assets)	-	(4 177 014)	
Financial Costs	(290 558)	(264 368)	10%
Corporate Income Tax (IRC)	(110 614)	(114 814)	-4%
Consolidated Net Result	(12 911 264)	14 495 161	-189%
Equity holders of the Parent Company	(20 328 108)	9 910 553	-305%
Non-Controlling interests	7 416 844	4 584 608	62%
	(12 911 264)	14 495 161	

a) Includes the amounts record as "Annual gaming tax (difference to minimum consideration)" related to the year 2019

globality of online commerce and services, with the online gaming revenues of the Estoril-Sol Group achieving a 14% growth rate compared to identical period of the previous year.

This remarkable improvement in the online base business was not, however, sufficient to offset the declines recorded in the territorial base business, so the gross game revenues of the Estoril-Sol Group had an overall decrease of 41% in the period under analysis.

The Group's other operating revenues were also affected by the restrictive measures and the consequent closure of the Estoril-Sol Group's restaurants, events, leisure and entertainment areas. These losses amounted to 6,3 million Euros, a drop of 67% compared to the same period of the previous year.

Still within the scope of the effects caused by the Covid-19 pandemic, the Estoril-Sol Group immediately activated "Contingency Plans" in order to prevent the health and compliance with the basic rules of hygiene and safety at work in this pandemic context, of all customers, workers, external service providers and also to safeguard the assets, physical facilities and equipment, of the subsidiaries affected by the temporary closure of the casinos. Estoril-Sol applied for the simplified "Lay-Off" mechanism, which resulted in the temporary suspension of employment contracts or in the reduction of working hours, between the 10th of April and the 2nd of June 2020, of the vast majority the workers of Estoril-Sol III and the workers of Varzim-Sol, companies that hold the Estoril and Póvoa de Varzim Game Concessions, respectively. The application of this legal mechanism and the contractual review, meanwhile carried out, of all service provision contracts resulted in a 16,4% reduction in the Group's operating costs, equivalent to 13,4 million Euros (see notes 8 and 9 of the financial statements).

The Group's operating results (EBITDA) decreased by 73%, influenced by the negative evolution of the revenues from the territorial operations, amounted to 10,7 million Euros (38,9 million Euros in 2019).

EBITDA from land-based casinos was negative by 3.2 million Euros, of which Casino de Lisboa stands out, as the only one to achieve positive operating results in a context adverse to the normal operation of territorial operations. Following different paths, the online operation achieved a positive EBITDA of 15 million

	Estoril	Lisboa	Póvoa	Online	Outros
Game Revenues	29 911 843	38 294 682	23 168 720	44 302 044	
Game Taxes	(14 996 521)	(19 208 854)	(11 592 954)	(15 843 122)	
Effective Tax Rate	50%	50%	50%	36%	
Net Game Revenues	14 915 323	19 085 828	11 575 767	28 458 922	
EBITDA	(4 577 825)	1 895 046	(559 997)	14 935 893	
EBITDA Margin	-15%	5%	-2%	34%	
Net result of the Segment	(14 684 196)	(6 616 705)	(5 146 227)	14 832 814	
Other Segments					(1 296 950)
					Consolidated Net Result - 2020
					(12 911 264)

Euros, a significant improvement compared to the values reached in 2019, 9.2 million Euros.

The total investment made by the Estoril-Sol Group during 2020 was invested in the purchase of security and IT equipment with the purpose to ensure full compliance with the rules and recommendations defined by the Portuguese Healthcare Regulatory Institute "DGS", by the time physical casinos were reopened, which came to occur on June 8th. The physical casinos of the Estoril-Sol Group obtained, prior to the reopening to the public, certification by Turismo de Portugal, "Clean & Safe" and the Seal of Trust, Clean Surfaces Safe Places, awarded by ISQ - Instituto de Soldadura e Qualidade.

The Consolidated Net Profit in 2020 was negative by 12,9 million Euros, which compares with earnings of 14,4 Million Euros in the previous year (2019). Of this loss of 12,9 million Euros, a loss of 20,3 million Euros is allocated to the shareholders of Estoril-Sol, SGPS, SA, and earnings of 7,4 million Euros to minority and non-controlling interests.

The future:

The casinos of the Estoril Sol group, like all other Portuguese land based casinos, will experience, under the operating limitations that the Government decided to apply due to the pandemic, a very sharp drop in activity that, without the existence of support measures by the Government, will surely jeopardize the survival of the business.

Admitting, which is not yet assured at the moment, that the casinos will be able to reopen without any time restrictions to their legal period of operation, from the beginning of May until the end of the year, it will not be difficult to realize that the year of 2021 will already be completely compromised and it is very difficult to admit that the annual revenues will exceed, as in the previous year, the 50% of the annual revenue before the pandemic.

The dramatic effects of the crisis that had already been devastating the sector and that has worsened substantially since the beginning of the pandemic, have caused unprecedented losses that impose the immediate attention of the Government in the search for solutions that allow rescuing the concessionaires companies and replacing the solvency of the sector.

Negotiations for that purpose are currently underway between the Government and APC - Associação Portuguesa de Casinos, which, given the general agreement already reached, leave the hope that a final result can be finalized in the near future.

10. HUMAN RESOURCES

The salaries and social benefits policy adopted by the Group over the past recent years has been focus on retaining the level of fixed remuneration, promoting the increase in variable remuneration indexed to results, nevertheless, in addition the Group ensures a relevant set of social benefits such as, health insurance, medical support and reimbursement of health expenses excluded from health insurance contracts.

The Group has been encouraging the signing of protocols with several institutions in the context of social responsibility projects, particularly with

the Portuguese Association of Casinos and EPIS "Entrepreneurs for Social Inclusion" in terms of support solidarity campaigns in the context of volunteer projects to support students with learning difficulties.

	Avg number employees	
	2020	2019
Casino do Estoril	347	351
Casino de Lisboa	315	318
Casino da Póvoa	251	260
Casino Online	28	28

11. SUSTAINABILITY

This report is issued to fulfil the obligation provided for in the Portuguese Companies Act, amended by Decree-Law 89/2017 of 28 July, by disclosing information that enables the understanding of the progress, performance, status and impact of the Estoril Sol Group's activities, specifically, environmental, social and staff-related issues, the guarantee of non-discrimination, the respect for human rights, as well as measures for fighting corruption, money laundering, terrorist financing and attempted bribery.

The information contained in this report applies across all of the Estoril Sol Group, which seeks to define and implement a group of initiatives to reinforce the bases of sustainability, integrating and deepening the various initiatives and policies already in use in some of the Group's companies.

Seeing as the issues above are essential, the Estoril Sol Group is clearly committed to guaranteeing that these matters are respected, implementing action measures – both as a whole as an economic Group or individually taking into consideration the Companies it holds – that are to be implemented at a management level and the strategic and business options that are considered at any given moment, but also with a direct reflection on the performance of all employees or those it interacts with, in its various relationships and capacities.

Under the terms and for the purposes of Art. 508-G(8) of the Companies Acts, we clarify that this report is a separate element of the Estoril Sol Group consolidated management report, not created in accordance with any national, European Union or international systems.

A. BUSINESS MODEL OF THE ESTORIL SOL GROUP

From the Estoril Sol Group's point of view, the business model, more than a structure of companies and/or a mere dynamic of relationships and company holdings, must be understood within the context of its activities and its specific processes. This subject is a further development of the Management Report, the Corporate Governance Report and other elements for the presentation of accounts, to which it refers, anticipating that the joint analysis would constitute an effective added value in the perception and understanding of the business model and organisation of the Estoril Sol Group.

The Estoril Sol Group company structure is headed by Estoril Sol, SGPS, S.A., the Group's parent company, and includes eight other companies, directly or indirectly held by the aforementioned Estoril Sol, SGPS, S.A.

The Estoril Sol Group focuses its activity in the sector of games of chance, specifically in games played in person, being the holder of the rights to two gaming concessions, in relation to the permanent gaming areas of Estoril and Póvoa de Varzim, and three Casinos: Casino Estoril, Casino Lisboa and Casino da Póvoa, which as a group have a considerable geographic coverage in the country and, overall, its corresponding activity is considered to represent about 63% of the gaming sector in Portugal.

Although it knows that it holds a key position in Portugal in the area of games of chance played by physically present players, the Estoril Sol Group, despite its considerable disagreement with the way the online segment of gaming was regulated in Portugal, which the State had granted exclusively to casinos and, without conceding, presented its application to operate in the online gaming and betting sector, thus keeping in step with new technologies and new trends in gaming.

By virtue of the entry into force of Decree-Law 66/2015 of 29 April, which approved the Legal Regime of Online Gaming and Betting, in September 2015, the Estoril Sol Group formed a new company, called Estoril Sol Digital, Online Gaming Products and Services, S.A., for the purpose of applying for a licence in online games of chance. The licence in question was granted on 25 July 2016.

Within the scope of the online gaming activity, under the direction of the aforesaid subsidiary, Estoril Sol Digital, Online Gaming Products and Services, S.A., Estoril Sol (III) – Turismo, Animação e Jogo, S.A., (company held by Estoril Sol, SGPS, S.A.), signed an associational agreement with Vision Gaming Holding Limited, based in Malta, through which the latter assumed a minority share, corresponding to 49.9998% of the share capital of Estoril Sol Digital, Online Gaming Products and Services, S.A., with Estoril Sol (III) S.A. holding the majority of the share and votes in the aforementioned company. The association agreement foresaw that the investment in the share capital of Estoril-Sol Digital corresponding to 50% when renewing the online casino license, which happened on July 24, 2019.

As at December 31st, 2020, Estoril Sol and Vision Gaming Holding Limited both hold a share corresponding to 50% equity of Estoril Sol Digital. Estoril Sol Group, through its subsidiary Estoril Sol Capital Digital, SA, which acquired the stake previously held by Estoril Sol (III), maintains the chairman of the Board of Directors and the control of operations is based in Portugal.

On December 31st, 2020, ESTORIL-SOL, S.G.P.S., S.A. had the following stakes in the following subsidiaries:

ESTORIL-SOL (III) - TURISMO ANIMAÇÃO E JOGO, S.A., incorporated on 26 July 2001, headquartered in Estoril, the social object of which is the operation of games of chance in areas where this is permitted by law and, in addition, may also operate in the tourism, hotel, restaurant and entertainment industries, as well as providing consultancy services in those areas of activity. This company operates the Estoril and Lisbon Casinos.

Its share capital of EUR 34.000.000 is 100% held by ESTORIL-SOL, S.G.P.S., S.A.

ESTORIL-SOL DIGITAL – ONLINE GAMING PRODUCTS AND SERVICES, S.A. – with a Share Capital of EUR 500.000 is 50% held by ESTORIL-SOL (III) –TURISMO, ANIMAÇÃO E JOGO, S.A.

The Company was founded in September 2015 in order to apply for an online gaming license. The license was issued during July 2016 and the Company immediately started exploring the online gambling activity. During the course of 2017, in August, the company also obtained a license for online sports betting, activity that began on August 6th, 2017.

VARZIM SOL - ANIMAÇÃO, TURISMO E JOGO, S.A., headquartered in Póvoa de Varzim, has the social object, in particular, of operating the gambling concession of Póvoa de Varzim. This company operates the Póvoa de Varzim Casino.

It has a share capital of EUR 33.650.000, 100% held by ESTORIL SOL, S.G.P.S., S.A..

ESTORIL SOL (V) - Investimentos Imobiliários, S.A. - Its share capital of EUR 50.000 is fully paid up by ESTORIL-SOL, S.G.P.S., S.A.. The Company is now idle, but owns a site located on maritime land in the parish of Ericeira.

DTH - DESENVOLVIMENTO TURÍSTICO E HOTELEIRO, SA – With a share capital of EUR 2.429.146, is 100% held by ESTORIL-SOL, S.G.P.S., S.A.. It owns a plot of land in Monte Estoril, where the former Miramar Hotel stood.

ESTORIL - SOL IMOBILIÁRIA, S.A. - With a share capital of EUR 7.232.570, it is 100% owned by ESTORIL SOL, S.G.P.S., S.A.. Its social object is the construction, promotion, management and sale of tourist complexes and real estate. It owns an urban building in Alcoitão, whose purpose is its resale.

ESTORIL SOL - INVESTIMENTOS HOTELEIROS, S.A. - With a share capital of EUR 10.835.000 is 90% held by ESTORIL SOL, S.G.P.S., S.A., with the remaining 10% being held by the company itself.

ESTORIL SOL E MAR - Investimentos Imobiliários, S.A. - With a share capital of EUR 1.286.000, is fully paid up by ESTORIL-SOL, S.G.P.S., S.A.. It owns an urban building in Estoril, whose purpose will be its resale.

ESTORIL SOL INTERNACIONAL, S.A. - With a share capital of EUR 50.000, it is 100% owned by ESTORIL-SOL, SGPS, S.A, the area of operation will be the management of international projects / operations of the Estoril Sol Group.

ESTORIL SOL CAPITAL DIGITAL, S.A. – With a share capital of EUR 2.000.000, it is 100% owned by ESTORIL-SOL, SGPS, SA, its area of operation is the management of the online operations of the Estoril Sol Group. In October 2020, the 50% financial stake held by the Estoril Sol Group in Estoril Sol Online, company that operates the online casino, was hosted at Estoril Sol Capital Digital, S.A.

B - ENVIRONMENTAL ISSUES

The Estoril Sol Group has a strong commitment to the environment and to combating climate change. Consequently, the Group has been investing in environmental protection, reducing consumption, waste and emissions.

Over the last several years, the Group has installed more efficient lighting and low-energy consumption systems in its casinos, substantially reducing its energy bill in a setting where operating and lighting casinos represent high operating costs.

The operating companies have been introducing changes in procedures regarding the use of consumables, significantly reducing paper consumption, preferring the use of digital communication methods and standardising the use of consumables, resulting in a better utilisation and lower consumption of these.

The promotion of good practices internally and externally has been a concern of the sustainability policy at the Estoril Sol Group, by informing and raising awareness among staff and the different stakeholders regarding the good practices to adopt, in the pursuit of sustainable development.

Inherent to its own activity, the Estoril Sol Group must continue investing in a strong component of light, image, temperature and atmosphere controls, which makes the use and consumption of high levels of electrical energy inevitable, as well as emissions, although these have been gradually reduced.

Without prejudice in the scope of electrical energy, the Estoril Sol Group has a project of maximisation and efficiency of means, with the objective of enhancing electrical energy savings, not only for reasons of cost control, but also, and especially, for materialising its environmental concerns.

The Estoril Sol Group has focused on guaranteeing that all replacements of material and equipment are performed so as to guarantee high energy efficiency and the basic objective of savings in the levels of energy expended:



- over the last few years, timers were added on lights in spaces that are clearly used on a temporary basis, regardless of the type of users, in other words, timers have been placed both in spaces used by customers and, especially, in support and work spaces reserved for employees;

- the lighting fixtures have been gradually replaced by more modern devices, specifically LED and halogen;
- the purchase of fixtures takes into consideration their characteristics, along with their performance levels, classification rating and higher energy efficiency, which are basic elements not only in regard to energy consumption, but also to water consumption and noise pollution.

In terms of the water used, there has been a strong push to raise the awareness of the employees to save water. Water usage in most of the taps is now controlled by the installation of timers, especially in bathroom facilities (where dispensers of hygiene and paper products were also installed to control quantities used). Furthermore, the use of water fountains has been a rather successful measure among employees, providing means while significantly saving water.

Throughout 2020, the Estoril Sol Group estimates, in the various units of its operation, significant water and energy savings, indicative of its concern for the environment.

Regarding liquid and solid waste, the Estoril Sol Group complies with the most rigorous environmental rules, and its facilities are subject to regular inspection by the licencing authorities, in particular. Rubbish is separated in accordance with strict recycling rules that are known by all and which are followed in a joint effort adhered to by all the employees. The company systematically collects cooking oils in an effort to decrease environmental pollution and its potential reuse.

Within the scope of administrative services and BackOffice, the Estoril Sol Group has made a significant investment in the purchase of recycled material, specifically 100% recycled paper, raising awareness among employees for the conscientious use of paper as well as the reuse and recycling of used paper. Printing has been centralised in common use equipment, with default to black-and-white copies, reducing the consumption of paper, as well as consumables, for which there are recycling collection stations, including the employees' personal consumables.

C - SOCIAL ISSUES

Over the years, the Estoril Sol Group has been incorporating the social responsibility aspect into the definition of its management strategies and the annual program of its activities, intervening in the communities close to the areas of its operations, both directly and indirectly, one of its permanent objectives being the support and involvement in places promoting culture, recreation, education, sports, health and well-being.

In line with this guidance, the various companies that make up the Estoril Sol Group maintained a proactive and consistent attitude in 2020, implementing those objectives in various actions and initiatives.

The Estoril Sol Group's social responsibility results from the voluntary integration of its social concerns in the various operations and interactions with customers, employees, partners and suppliers.

The Estoril Sol Group has multiple social concerns, but we must not omit the special importance given to the topic of Responsible Gaming, given that the core of its business activity focuses on the operation of games of chance.

Responsible Gaming is essentially a programme that seeks to guarantee that a player's behaviour, as it interacts with a game, is guided by conscious and rational choices, ensuring that the player exercises full

control of the time and money that he can spend, with a clear conscience, in a manner that ensures there is no risk to his family, social and professional responsibilities, dignity and well-being.

The basic principle – always defended and communicated by the Estoril Sol Group in its various intervention means – in which it is a pioneer – is that gaming is and should always be considered a recreational and entertaining activity, no matter how it is played, whether online, in casinos or in bingo halls. The important thing to consider is that in situations where the player does not have these values and principles in mind, and in that sense does not act in accordance with them, gaming may have harmful effects, affecting not only the players but their families and anyone with whom they interact, with repercussions on their social environments, potentially leading to extreme situations of excessive and unregulated playing and to addictive behaviours and practices.



Therefore, at the social level, one of the main priorities of the Estoril Sol Group, is the promotion of and respect for the guidelines of Responsible Gaming and, as such, everything it offers is developed in accordance with the parameters of Responsible Gaming and in the prevention of addictive behaviours.

To this end, the Estoril Sol Group has developed several initiatives, of which we would like to highlight the following: The general availability, on all of the Group's online sites and in its casinos, of information regarding the responsible gaming policy, with specific advice and information on organisations specialised in helping in situations of addiction. Daily awareness and counselling from professionals in the gaming areas, recommending to customers behaviours that are adjusted to their player characteristics. Additionally, a constant concern for effectively monitoring and preventing minors and people prohibited to play from entering its casinos.

Further, within the scope of social concerns, the Estoril Sol Group has been increasingly pushing for the establishment of protocols with various organisations in the area of social responsibility projects, guaranteeing closer proximity to the communities where the various Group companies are located.

Specifically, the Estoril Sol Group has established protocols and partnerships of various types, with institutions of social solidarity, both directly and indirectly providing effective support in specific aid initiatives, both to individuals and communities that are disadvantaged or affected by catastrophes, including:

- the Portuguese Association of Casinos, supporting solidarity campaigns;
- EPIS “Entrepreneurs for Social Inclusion” in the scope of voluntary aid projects for students with academic difficulties;
- the Cascais City Hall and various event organising entities in the promotion of celebrations, concerts and festivals, in the majority of cases, events intended for the whole family, many of them geared specifically to children, open and free to all;
- the Lisbon City Hall, through partnerships in the area of sports and culture. Specifically providing support to the implementation of a national foot race at the Parque das Nações, supporting events at Lisbon festivals and free cultural shows.
- the Póvoa de Varzim City Hall, for holding cultural and sporting events;
- allocation to City Halls, in the areas where the casinos are located, of a significant portion of revenue from gaming taxes paid by concessionaires, to be used in promoting tourist areas and supporting cultural projects both at city and national levels;
- Group companies are also obligated to allocate a percentage of their gross revenue to the implementation of cultural and sporting events and the promotion of tourism;
- entities responsible for professional training and social integration, specifically through the assignment of professional internships and training; at the Estoril Casino, for example, the Estoril Sol Group has a strong and long-lasting partnership with the Estoril Hotel School, offering internships to its students, with strong possibilities of employment with the Group;
- the promotion and implementation of professional certification courses for dealers, in a partnership with the SRIJ (Gaming Regulation and Inspection Services) and the Estoril Hotel School, where hundreds of young people earned professional qualifications needed for the access to the profession, many of whom will be employed by the Group’s casinos.
- supporting students in the Erasmus programme;
- supporting doctoral scholarships for students who wish to do research into any of the variables of gaming;

The Estoril Sol Group is aware that its gaming operations and the characteristics of its spaces, of recognised splendour, are extremely appealing to the community surrounding these spaces, which, for one reason or another, is attracted to enter. From that perspective, and using a rationale of availability and proximity, the Estoril Sol Group provides access under the legally admissible terms, which is limited as necessary and always conscientious, allowing communities to enjoy the spaces they find attractive, even if, in many cases, that does not mean - nor would it ever mean – involvement in gambling.

D - Employment-related issues

The Estoril Sol Group policy regarding its employees is one of the aspects of the Group's social responsibility, where a focus on acting according to a set of essential principles and values applies to the various structures and hierarchies across the Group. This has led to the design and implementation of an expanded set of measures, some of which are still in the phase of development and testing of results.

Among those important principles and values, and always keeping in mind the key principle of employees as human beings as well as conciliating their professional with their personal life, the Estoril Sol Group would like to highlight the following:

- Fair compensation of its employees, providing wages and benefits in accordance with national legislation, European and International standards and directives and applicable collective bargaining, considered by all as being above average in the sector;
- Establishing work schedules according to applicable legal and contractual provisions in order to balance and reconcile professional life, family life and free time;
- Prohibition and rejection of child labour;
- Beyond that which is established by law, compliance with legal rules regarding holiday time off, national holidays, absences and leaves, specifically those related to parental leave, namely the allocation of a supplementary illness benefit, prescription co-pays for the employee and household, the possibility of providing in-house medical services, curative medicine and nursing care, in addition to health insurance extended to participating family members. The companies also offer a flexible system for recovering time off, allowing employees to trade shifts among themselves and with the company to accommodate family life;
- Promotion of safety in the workplace environment, providing safe and healthy work conditions;
- Promotion of health in the workplace environment, applying the legal norms in effect regarding occupational health;
- Respect for the freedom of association and exercise of labour union rights within its establishments;
- Non-discrimination on the basis of gender, race, religion or others where there could be differentiation, both during the recruiting and hiring processes and in the fulfilment of professional activities under work contracts;
- Promotion of employability of foreign workers, applying the legal standards in effect regarding foreign labour, respecting the same standards and rights applicable to national workers;



- Development of its disciplinary practices in strict compliance with procedural standards and the adversarial procedures provided for in law;
- Promotion of life-long learning both within and outside the Group's companies;
- Rejection of harassment or abuse, promotion of the employee's rights to report and file a complaint any time they have knowledge of any breach of legality or duties or any other similar situation that legitimises the complaint/report, with the guarantee that the Group's companies will follow through on the complaint/report.

Some of the measures implemented regarding these principles and values, due to their relevance and scope, call for a more detailed mention.

Therefore, in regard to employee wages, for example, we must point out that over the past few years the Estoril Sol Group has adopted a policy of remuneration and social benefits that favours the limitation of fixed wages, promoting an increase of variable wages tied to results, thus achieving an effective stimulus of employee dedication and performance, of motivation for teamwork and of reaching overall results that are as favourable as possible.

In addition, the Estoril Sol Group has guaranteed a significant set of benefits and social perks in the area of health, specifically: health insurance, medical support and prescription co-pays.

In this regard, it is worth remembering that Estoril Sol (III) Turismo, Animação e Jogo, S.A., a company that operates the Estoril Casino and the Lisbon Casino and which employs 679 workers, signed a new Business Agreement that ensures the maintenance of benefits and social perks that set apart, in a positive manner, these employees and the Estoril Sol Group in the country's employment landscape.

In fact, the Business Agreement signed, and the terms and conditions reached clearly reveal the indispensable and significant collaboration of the Workers' Committee, with whom the management body has an excellent relationship and its complete harmony with the SITESE – Workers and Service Technicians Syndicate and the SPBC – Professional Dealers Syndicate.

On the other hand, within a professional context that is constantly changing, training in all its aspects is increasingly a felt need among professionals and encouraged by Group companies to improve skills and abilities.

With this objective, several training initiatives were carried out by the Estoril Sol Group in 2017, operating in various education and training areas, excelling in the areas of gaming, compliance and personal and group security;

In addition to these measures, the concern for security in its operations and that of its employees is also a focal theme in the Estoril Sol Group policy.

This security policy has two aspects at its core: on the one hand, employee security in the face of potential abuse by customers, whether in accessing gaming areas, or in those areas; furthermore, the safety (hygiene and health) of employees in the face of risks inherent to the duties they each perform.

In the first of the two aspects, and considering the specific characteristics of its operations, the Estoril Sol Group ensures special security conditions for its employees, not only through an internal private security service, with staff trained specifically for control and security duties, supplemented with the hiring of a

specialised security company. Added to these are electronic security systems, duly notified and authorised by legal entities.

Keeping in mind the prevention and minimization of the risks inherent in their activities, they have specialised technical surveillance services at their disposal, responsible for the strict enforcement of the physical safety standards for customers, staff and facilities as well as compliance with the legislation that oversees the gaming sector in Portugal. Furthermore, it is important to not forget that Portuguese casinos are subject to a constant, on-site, monitoring by the State using Gaming Inspection Services from the Portugal Tourism Institute, I.P.

Periodically, with the cooperation of an outside entity, risk analyses are made of the established procedures and physical safety of assets.

In the second aspect mentioned above, the Estoril Sol Group has the support of a company providing Hygiene, Safety and Occupational Health services in order to guarantee the proper management of risks associated with the main activities carried out. This service includes awareness-raising sessions and plans for an evacuation drill at locations where employees usually exercise their duties.

In addition to this partnership, a group of first responders was created, qualified and trained for basic life support, in the event of an emergency. This team of first responders consists of internal staff of the Estoril Sol Group.

Additionally, companies in the Group annually monitor and evaluate workplace accidents and develop corrective measures. In 2017, considering all the employees of the Estoril Sol Group, the number of workplace accidents was very small and none of them was a fatal accident.

E - EQUALITY BETWEEN MEN AND WOMEN AND NON-DISCRIMINATION

Of around 940 employees that were part of the Estoril Sol Group workforce during 2020, 79% were men and 21% were women.

The employee average age was 46.

For quite some time, the diversity of its human resources structure being evident, the Estoril Sol Group has assumed the commitment of promoting equality in all its aspects, based on age, gender, qualifications, personal choices and/or professional experience.

At the Estoril Sol Group, we encourage a culture of sharing, cooperation, active dialogue, which is open to contradictory voices and conducive to the emergence of new ideas, even if unorthodox or disruptive. We believe that the strengthening of a culture of diversity and inclusion should serve as a reference to employees and their alignment with company values and, at the same time, contribute to a continual renewal of business that is in line with the expectations of the various stakeholders.

Equality of opportunities is defended, and no type of discrimination is allowed in the workplace, be it related to age, gender, race, social origin, religion, sexual orientation and physical aptitude, regardless of the hierarchical level from where that discrimination stems.

The Estoril Sol Group seeks to actively promote gender diversity during the employee's time within the company, specifically in the following ways:

- in recruiting processes, it is the Estoril Sol Group's recommended policy that recruiters present a list of candidates that is balanced in terms of representation of both genders;
- in the various hierarchical levels and functional, structural, and organisational roles, it is the Estoril Sol Group's recommended policy that teams from the different companies / employing entities consist of members from both genders, in a balanced manner, while still appropriately matching each employee to the duties to be performed;
- all performance evaluations, promotions and salary review procedures are subject to careful and objective monitoring, in order to guarantee a proper and balanced management in all teams, without favouritism and/or discrimination, positive or negative, and in strict conditions of equality.

Finally, seeing as ethics is an integral part of culture and corporate values at the Estoril Sol Group, a Code of Conduct was approved.

This Code of Conduct establishes the ethical principles and basic rules of conduct, which should govern the actions and performance of all Group employees, including equality of treatment, non-discrimination and the prohibition of harassment. The Code of Conduct applies to all Group professionals, regardless of their duties, their position in the hierarchy and/or any other factor.

It is worth noting that throughout 2020, no complaints were filed regarding ethically objectionable behaviour, and specifically any that violated the Code of Conduct, whether by employers or any of their employees.

F - HUMAN RIGHTS

Human rights directly contribute to a more inclusive and sustainable growth of the country's economy. Portuguese, European and International legislation protect human rights in an encompassing and effective manner. Through its operations and the way it manages, develops and carries out its business, in general, and, specifically, through the approval of the Code of Conduct and the implementation of measures it proposes, it guarantees the strict compliance with the legislation in force for defending and respecting the human rights of all those with whom it interacts.

G – RIGHT TO DATA PROTECTION

The Estoril-Sol Group has always observed strict discipline regarding the privacy and guarantee of the rights of the personal data holders that, by commercial option, whether by legal imposition, was collecting and treating, in compliance with national and community legislation in namely Law 103/2015, of 24th August.

It is well known that casinos, like no other establishment in Portugal, have long had identification services and that even after such services are not necessary, casinos continue to collect and treat certain personal data by legal are duly pre-serviced in a database administered by the Portuguese Service of Regulation and Inspection of Games (SRIJ), imposing, by law, to the employees of the concessionaires the duty of secrecy.

In line with recent legislative developments in the field of registration and processing of personal data, notably those resulting from the entry into force of Regulation (EU) No 2016/679 of 27 April 2016, the Estoril-Sol Group appointed in each of its companies a Data Protection Officer, which took responsibility for the management and organization of policies for the collection and processing of personal data, ensuring, on the one hand, that companies to produce and make available, at appropriate places, the regulatory informational instruments on such matters, on the other hand the internal development of the collective conscience on related topics and the implementation of good practices, and on the other hand the coordination of the management of the existing data, ensuring full protection of the rights of holders and the adequate use of existing data.

H - FIGHT AGAINST CORRUPTION, MONEY LAUNDERING AND TERRORIST FINANCING CRIMES

Within the scope of operating games of chance, the concerns and measures for fighting corruption, money laundering and terrorist financing take on particular significance.

In this battle, which should be fought by all, the Estoril Sol Group approved a Code of Compliance during 2017, applicable to its corporate bodies and all its employees as they perform their duties.

In order to ensure strict compliance of the principles, rules and norms established in this matter, the Estoril Sol Group appointed a Compliance Officer who has carried out a process of identifying risks and evaluating a strategy for improvement and awareness, intended for all resources, from a perspective and with the objective of "being fully compliant".

The formalization of these rules, most of which were already in practice at the Estoril Sol Group, allowed for a careful and methodical systemization and a binding disclosure, with the general purpose of contributing to

the creation of an organizational model that enables the identification, mitigation and, if possible, elimination of risks to which the Estoril Sol Group is exposed.

At its core, that task seeks to take the risks, most of which have been identified, and link them to the standards to which the Estoril Sol Group is subject (whether general or special, inherent to the particularities of the activities it carries out) and among these norms, those specifically related to the prevention and repression of corruption, money laundering and terrorist financing crimes.

According to the norms established, both nationally and internationally, and for the purpose of preventing gaming activities, and casinos in particular, from being used as the means for money laundering operations, the Estoril Sol Group has the duty, which it fulfils with the strictness incumbent on it, to communicate to the legal authorities the existence of operations that raise well-founded suspicions, and within the applicable legal framework.

The Code of Compliance imposes on company bodies and all Estoril Sol Group employees a set of obligations, among which we highlight the following:

- Duty to identify: The identity of customers in situations that are deemed suspect must be required, verified and recorded;
- Duty to refuse: The completion of any transactions in situations that are deemed suspect must be refused;
- Duty to communicate: The management body or designated person responsible must, at its own initiative, guarantee that any situation it considers irregular and that it becomes aware of or regarding which it has suspicions is immediately communicated to the Attorney General of the Republic and the Financial Information Unit;

Duty to cooperate: the corporate governing bodies, as well as all Estoril Sol Group employees, must ensure their prompt and complete willingness to cooperate when requested by the Attorney General of the Republic and/or the Financial Information Unit within the scope of their responsibilities;

- Duty to maintain confidentiality: Criminal investigations must be considered bound to absolute confidentiality, and as such it is strictly forbidden to disclose to customers or third parties (specifically to those who transmitted the communications as legally required) that a criminal investigation is in progress;
- Duty to train: The Estoril Sol Group must adopt the necessary measures so that its employees, whose duties are especially significant for the purposes of preventing money laundering and terrorist financing, have the appropriate knowledge for the duties imposed by the legislation in effect and should organise specific and periodic training programmes adapted to the various sectors of activity;
- Duty to verify the issuance of cheques: Special measures must be adopted to take care in cases when payments by cheque are accepted, specifically in gaming rooms, taking precautions that these fulfil the legal requirements and are only used in situations that are specifically provided for by law.

In implementing the inherent measures – equipped with a Code of Compliance that is scrupulously followed, plus having appointed a Compliance Officer – the Estoril Sol Group has placed itself at the level of entities that, in an organised and diligent manner, ensure the fight against corruption, money laundering and terrorist financing.

In addition to a Compliance Code, the Estoril Sol Group has approved and widely disseminated a Code of Ethics and Professional Conduct.

The Code of Ethics and Professional Conduct embodies the principles of action and the mission of the Group Estoril Sol, constituting a guide for the daily action of everyone to whom it is addressed, so that they can guide their decisions, their behaviours, their actions and omissions in accordance with those that are recognized, are the principles and values of the Group Estoril Sol.

Specifically, this Code aims to:

- Establish standards of professional behaviour with regard to the Group's relations with its Employees, among themselves, between them with partners, customers, suppliers and other Interested Persons, internal or external, namely with public institutions and entities;
- Create mechanisms to prevent infringements and prohibited conduct or that, in some way, are worthy of censorship;
- Create the monitoring and control mechanisms that ensure the intended effectiveness of the entire content of this Code.

Along with the direct compliance with legal and regulatory standards, it is through the commitment to comply with this Code that each and every one assumes itself as an integral part of the Estoril Sol Group's identity, respecting and proclaiming the principles and values for this defended.

The non-observance of the rules contained in this Code of Ethics and Professional Conduct determines, for its Recipients, civil liability (contractual or non-contractual), criminal or administrative offense that may apply to the case, without prejudice to disciplinary or statutory liability in the case of non-compliance by Employees.

All Recipients have a duty to report, through the available channels, any violation of this Code of which they are aware, with the express guarantee that there will be no retaliation against anyone who, in good faith, reports abnormal conduct, using the procedures established for this purpose end.

Participations must be submitted in writing to the body responsible for monitoring and supervising this Code through the email address:

whistleblowing@estoril-sol.com or sent, by letter to Apartado 383, 2766-801 Estoril, being able to follow (or not) the formulary model available at **www.esterilsolsgps.com**

F - ATTEMPTED BRIBERY

Bribery attempts are an inherent risk of any business activity, but it is well known that gaming activities are especially vulnerable to this type of practice. In any case, the Estoril Sol Group projects and instils in each and every one of its employees ethical behaviour that seeks to overcome and remove inherent risks.

We emphasize that the Estoril Sol Group has always vehemently condemned these practices, communicating and reiterating this principle to its employees.

In any event, the Estoril Sol Group intends to formalise a specific policy and develop awareness and refreshment initiatives for all its employees in a perspective of fighting bribery, specifically identifying risks, alerting to the behaviour and establishing procedures for communicating irregularities.

Naturally, any irregularities detected during the course of their duties – applicable also to matters of fighting corruption, money laundering and terrorist financing – must be communicated to Gaming Inspection Services / Portugal Tourism, I.P., without prejudice to their monitoring responsibilities.

12. FINANCIAL POLICY OF THE GROUP

The Companies of the Estoril Sol Group pursue a financial policy based on the preservation of its financial independence, fundamentally based on the resources released each year.

With the support of various banks, the subsidiary use a number of variable rate financial instruments, the maturities of which are negotiated according to the foreseeable ability to release funds.

13. RISK MANAGEMENT

In the normal course of their activities the Group Companies, as concessionaires of gaming operations, are exposed to a number of risks and uncertainties, as identified below:

Physical and Contractual Risk:

The companies of the Group, aiming to prevent and minimize the risk inherent to their economic activities, have specialized technical services of supervision and control, responsible for the strict fulfillment of the standards of physical safety of customers, employees and installations and also compliance with the legislation that regulates the Gaming activity in Portugal, and it should be pointed out that Portuguese Casinos are subject to the permanent supervision by the State through the Gambling Inspection Service of the Instituto do Turismo de Portugal I.P. Periodically, with the collaboration of an external entity, risk analyses are carried out on the procedures used and on the physical safety of the assets.

Concessions for operations in gambling and games of chance in the gaming areas of Estoril and Póvoa de Varzim are operated within the normative context of the contractual and legal framework of the corresponding concession contracts and of the specific legislation governing the sector of gaming activities at casinos, as they are subject to permanent inspection by the State, via the Serviço de Inspeção de Jogo do Turismo de Portugal, I.P.

The Estoril-Sol Group, through its subsidiaries, operates under the concession contracts, Póvoa Varzim permanent game concession area (until 2023), which includes the exploration of Casino da Póvoa, and the Estoril concession contract (until 2021), which includes Casino do Estoril and Casino de Lisboa. As of this date, the terms and conditions of the specifications relating to the public tender for the award of the new game concession for Estoril are not yet known. The shareholder structure of Estoril-Sol (III), and the respective Board of Directors, remain expectant as to the launch of the public tender, and their intention is to compete for the new game concession for the permanent game zone of Estoril.

Estoril Sol is also present in the online business regulated by the “Legal Regime for Online Gambling and Betting (RJO)”, approved by Decree-Law No. 66/2015, holding the following licenses:

- online casino games license (license no. 3) issued by SRIJ (Portuguese Gaming Industry Regulator), valid until July 24th, 2022 after renewal for an additional period of 3 years, and renewable for periods of three years;
- online sports betting license (license nº8) issued on August 4th, 2017 and valid until August 3rd, 2023 after renewal for an additional period of 3 years, and renewable for periods of three years;.

Business Risk:

Pursuant to the concession contracts, the Portuguese State grants concessionaires exclusive rights to gambling and operations of games of chance, in exchange for high initial payments and high annual tax rates. Nevertheless, the Portuguese State has proven to be unable to regulate its citizens’ access to countless online casinos that abound today and which constitute a growing factor of unfair competition, both because they account for a significant increase in illicit supply and because they constitute a flagrant source of tax evasion.

Furthermore, the no less relevant fact that Decree-Law no. 275/2001 provides for the payment of minimum compensations, which were established on the basis of annual revenue growth at current prices, until the end of the concession, which in the current macroeconomic scenario of permanent crisis , leads to the annual counterpart deliveries amounting to more than 50% of gross revenue.

However, in view of the imbalance in the concession contracts that urgently needs to be regularized in favor of the Concessionaires, as well as the revenue from Tourism, we believe that the Portuguese Authorities will do everything to restore the necessary balance, and that this fact will be overcome. If this is not the case, the Concessionaires are taking legal action for this, in order to assert their rights.

Cyber Risk:

Given the characteristics of the online gaming business, there is the risk of cyber attacks on the network and online platforms of the company that impact critical business information. In order to address this risk, a number of audits are carried out periodically, such as security audits, intrusion tests and vulnerability assessments.

Financial Risk:

The significant investments that the Group Companies have made in recent years, among which we would draw attention to the amount paid for the extension of the concession contracts of the zone of Estoril and Póvoa de Varzim, the initial payment made relating to Lisbon Casino and the investments made pertaining to the renewal, modernization and expansion of the Casinos, have, in the recent past, involved increased indebtedness which, combined with the changes in market interest rates, resulted in increased financial costs and a potential liquidity risk.

Depending on the operating funds that are freed up, we feel the financial risk to which the associated undertakings are exposed is minimal, and the same understanding has prevailed in the examination carried out by financial institutions, as shown by the fact that assets guarantees are dispensed with for operations under contract.

Credit Risk:

Portuguese legislation forbids casino concessionaires from granting credit to gaming activities, and so, in this regard, Group Companies are not exposed to credit risk. Other revenue from restaurant and entertainment activities, which account for only 3,0% of revenue, therefore represents insignificant exposure.

Exchange rate Risk:

All operations are carried out in Euros, and so the Company has no exchange rate exposure.

14. RELEVANT FACTS

During the first quarter of 2013, after a unanimous vote taken at the headquarters of the Portuguese Association of Casinos as well as within the Board of Estoril-Sol, the operating companies from the Group Estoril-Sol, have filed lawsuits against the State in which they seek to be restored the financial balance of Gaming Concessions. Such a claim is founded, among other reasons, because the State, through its actions and omissions has given rise to changes in circumstances that were the basis for the negotiation of the gaming concessions. Of them highlights the fact that it was assumed for tax basis a continuing and significant increase of gaming revenue throughout the concession period. Despite not having checked this proposition due to the economic climate and as a result of the State attitude in relation to online gambling and illegal gambling, among others, it continued to require them to pay very high taxes, calculated on revenue that the Concessionaires did not obtain. Thus, remained no alternative to the Concessionaires that was not to challenge with the competent Administrative and Fiscal Courts the settlements of tax to which they were presented, and for that purpose submit the necessary judicial guarantees. However by the time of approval of this report, and despite the fact that all tax settlements were contested by the Group, all taxes are without exception paid and for this reason the Group Estoril-Sol does not have any overdue debt related with game taxes. (Notes 28 and 31 from the Consolidated Accounts)

Regarding the year ended December 31, 2020, the gaming concessionaires, Estoril-Sol (III) - Turismo, Animação e Jogo, S.A. and Varzim-Sol - Animação, Turismo e Jogos, S.A., were exempted from the payment of the minimum annual contribution provided for in the respective concession contracts for 2020 and exempted from the obligations arising from articles 16 (tourism obligations) and 17 (financial autonomy ratio) both of which from the Decree-Law No. 422/89, by order of the Secretary of State for Tourism on 6.1.2021,. The same order specified that the amounts paid by the concessionaires for the realization of the annual consideration and that exceed the final amount due to that title are no longer credited to the concessionaires, without any other compensation.

The credit and compensation for amounts paid in excess is expressly provided for in paragraph 1 of Article 5 of the Concession Contract for the exploration of games of fortune or chance in the Estoril Gaming Zone, which remains unchanged, which is why the Group claims and will continue to claim the recognition of a credit for the year ended December 31, 2020 in the amount of 4,431,585.04 Euros (Note 22 to the notes to the consolidated accounts).

Consistently, and also considering the fact that the guardianship has not formally rejected the amount of the counterparty credit for the amounts paid in excess, the same was determined by the gaming concessionaire, Estoril-Sol (III), and by the Regulation and Inspection Service (SRIJ), as part of the calculation of the annual contribution for the year 2020, and is detailed as follows:

Casino Estoril – 2.534.781,50 Euros;
Casino Lisboa – 1.896.803,54 Euros;

15. SUBSEQUENT FACTS

Between the 31st of December 2020 and the date of this report, no relevant facts occurred that could materially affect the financial position and the future results of Estoril-Sol, SGPS,S.A. and the other Companies of the Group, in addition to the reported below:

Regarding the epidemiological control context of Covid 19, and within the scope of the exceptional and temporary measures the Portuguese Government has been establishing as a result of which, since March 14, 2020, the physical casinos of Estoril and Póvoa de Varzim gaming zones have been temporarily closed or, from June 8, 2020, had their operating hours constrained, being closed on this date, since January 15, 2021 by the imposition of Decree 3-A / 2021, which was later extended by the imposition of Decrees 3-D/2021, 3-F/2021, 4/2021 and 7/2021, maintaining the operations related to online gambling and sports betting, As a result, considering that the current closure falls within the scope of the gradual strategy of lifting the restrictive measures established by the Council of Ministers in March 2021, the extent of the impact on the future consolidated financial position of the Group will depend on the evolution of the referred Pandemic, of the measures that may be adopted and the global evolution of the economy in this period.

In this context, the subsidiaries Estoril-Sol III and Varzim-Sol decided to apply, with effect from 15th January 2021, for the “Simplified Lay-off” measure provided in accordance with Decree-Law no. 10-G / 2020, from March 26th, and Decree-Law nº 6-E/2021, from January 15th, from which measure resulted in the temporary suspension of work contracts or in the reduction of the working hours of Estoril-Sol III workers and Varzim-Sol workers. Additionally mandatory “Contingency Plans” were immediately activated, in order to preserve the health of employees and providers of external services, as well as assets allocated to the casinos. It were also adopted measures involving the renegotiation of service provision contracts in the gambling areas revisiting the contracted service levels, such as: surveillance, reception and f&b areas, maintenance and cleaning, fees and commissions directly related to the gambling volume and activity on the gaming areas/rooms.

In this context, the duration of the activity closure, as well as any additional measures that may be taken by the Portuguese authorities regarding the containment of Covid-19 and those relating to the temporary closure of physical casinos under the respective concession contracts, will be decisive for the future realization value of the assets of the Company's subsidiaries, however, the future impacts for the Company arising from this situation are uncertain. According to the information available on this date, the Board of Directors, which is currently evaluating the measures taken in the meantime to mitigate the impacts on territorial operations, based on the financial capacity of the Group, which presents “Cash and cash equivalents”, on 31 December 2020 of approximately 59 Million Euros, considers that the going concern assumption, used in the preparation of the Group's consolidated financial statements as of December 31st, 2020, remains appropriate on the present date, being however uncertain the future impacts for the Group arising from this situation

On March 24, 2021, by decision of the Supreme Court of Justice, Casino da Póvoa was sentenced to reinstate all the employees who maintained the collective dismissal process and to indemnify them for moral damages, including four employees that the Guimarães Court of Appeal had acquitted the Group. The decision of the Supreme Court of Justice is subject to appeal to the Plenary of the Supreme Court of Justice, and the Board of Directors believes that the responsibility recognized in the financial statements for the year ended December 31, 2020 is sufficient for any responsibilities that may result from the conclusion of the process.

16. DECLARATIONS

- Declaration of true, complete and appropriate information

The members of the Board of Directors of Estoril-Sol, S.G.P.S., S.A. assume responsibility for the veracity of the information contained in this Annual Report, certifying that there are no omissions that they are aware of, which faithfully portrays the evolution of the business, performance and position of the company and of the companies included in the consolidation perimeter, and that it contains an appropriate description of the main risks and uncertainties that face the companies of the Group. The separate and consolidated financial statements, prepared in conformity with the applicable accounting standards, reflect a true and appropriate image of the assets and liabilities and of the financial situation and results of the issuer, as well as of the companies included in the consolidation perimeter.

17. ACKNOWLEDGMENTS

The Board of Directors wants to publicly express its gratitude to all customers of the Estoril-Sol Group for the preference and confidence shown, to suppliers and Credit Institutions for the cooperation received.

The Board of Directors also expresses its appreciation and thanks to all of those who, cooperated with us during the year, namely to the members of all members of the Governing Bodies, with special thanks to all the workers of Estoril Sol Group of companies, for their high sense of responsibility with which they faced the difficult - but indispensable - management actions that we undertake.

Estoril, 28th of April, 2021

The Board of Directors

- Chairman
 - Pansy Catilina Chiu King Ho

- Vice-Chairmen
 - Mário Alberto Neves Assis Ferreira
 - Patrick Wing Ming Huen

- Directors
 - Ambrose Shu Fai So
 - Maisy Chiu Ha Ho
 - Man Hin Choi
 - António José de Melo Vieira Coelho
 - Vasco Esteves Fraga
 - Jorge Armindo de Carvalho Teixeira
 - Calvin Ka Wing Chann
 - Miguel António Dias Urbano de Magalhães Queiroz



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PART I – SHAREHOLDINGS STRUCTURES, ORGANISATION AND CORPORATE GOVERNANCE

A. SHAREHOLDING STRUCTURE

I. Share capital structure

1. Share capital structure

The share capital of the Company is €59,968,420.00, which is fully paid-up, and is represented by 11,993,684 shares with a nominal value of €5.00 each.

The Company holds 62,565 treasury shares.

All the shares representing the share capital of the Company - ordinary, registered and bearer shares - are admitted for trading, and there are no categories of shares with special rights or duties.

Shareholder	No of Shares 31-Dec-2020	% Share Capital	% Voting rights
Finansol - Sociedade de Controlo, SGPS, S.A.	6 930 604	57,79%	59,09%
Amorim - Entertainment e Gaming International, SGPS, S.A.	3 917 793	32,67%	32,84%
Restantes Accionistas	1 082 722	9,03%	8,07%
Acções Próprias	62 565	0,52%	---
Total	11 993 684	100,00%	100,00%

2. Restrictions on the transfer and ownership of shares

There are restrictions as to the transferability of shares resulting from the provisions under Council of Ministers Resolution no. 115/99 (2nd series), as published in the D.R. II series no. 184, dated 9 August 1999, which obliges the company to observe the requirements provided for under art. 17 of Decree Law no. 422/89, of 2 December, within the following terms:

" 1 - The equity of concessionary companies must not be less than 30% of the total net assets, and the percentage should be raised to 40% of such assets as of the sixth year after concluding the concession contract, without prejudice to the corresponding minimum share capital to be set, for each one, under the regulatory decree, to which article 11 pertains.

2 - At least 60% of the share capital shall always be represented by either registered shares or bearer shares, under a registration system, and it is mandatory for concessionary companies to notify the Inspectorate-General for Gaming with regard to all transfers of property or the usufruct of these, within 30 days after registration in the company's appropriate book or via an equivalent formality.

3 - The purchase, in any capacity, of the holding or ownership of shares representing more than 10% of the capital or as a direct or indirect result of which there is a change in the control of the concessionaries by others, whether natural or legal persons, shall require permission from the member of the Government in charge of tourism, lest the purchasing parties be prevented from exercising their respective social rights.

4 - If the said party purchasing the shares is a legal person, authorization may condition the transfer in subjecting the purchasing party to the system set forth under this article.

5 - The regulatory decree to which article 11 pertains may prevent or limit direct or indirect participation in the share capital on the part of a concessionary by (an)other concessionary(ies), and any purchases that violate the provisions of the said regulatory decree shall become null and void."

3. Own shares

The Company holds 62,565 treasury shares representing 0,52% of its share capital.

Year of Acquisition	No.of shares	Nominal value	Total nominal	Total premiums	Total
2001	34.900	5	174.500	280.945	455.445
2002	43	5	215	184	399
2007	22	5	110	88	198
2008	27.600	5	138.000	114.264	252.264
Total	62.565		312.825	395.481	708.306

Euros

4. Significant agreements with ownership clauses

To the best of the knowledge of the Board of Directors, Estoril-Sol is not party to any significant agreement which takes effect, either being affected or terminated upon a change of control in the Company, following a takeover bid, without prejudice to the standard clauses in banking practice relating to the issuance of debt securities and financing contracts.

5. Defensive measures in case of change of shareholding control

No defensive measures were adopted, because it is understood that they are not justified, bearing in mind the Company's shareholder structure remains stable for several years and the existence of two reference shareholders that concentrate 90.46% of the share capital (the percentage of free-float is manifestly reduced).

6. Shareholders' agreements

The Company is not aware of shareholder agreements that may restrict the transfer of securities or voting rights.

II. Shareholdings and holding of bonds

7. Qualified shareholdings

The Company has two shareholders of reference which, together, control, directly and indirectly, around 90,4% of the share capital and 93,07% of the voting rights:

Shareholder	No of Shares 31-Dec-2020	% Share Capital	% Voting rights
Finansol - Sociedade de Controlo, SGPS, S.A.	6 930 604	57,79%	59,09%
Amorim - Entertainment e Gaming International, SGPS, S.A.	3 917 793	32,67%	32,84%
Restantes Accionistas	1 082 722	9,03%	8,07%
Acções Próprias	62 565	0,52%	---
Total	11 993 684	100,00%	100,00%

FINANSOL, SOCIEDADE DE CONTROLO, S.G.P.S., S.A.

On 31 December 2020 ESTORIL SOL, S.G.P.S., S.A. held 62.565 treasury shares, and as FINANSOL - SOCIEDADE DE CONTROLO, S.G.P.S., S.A., on 31 December 2020, held 6.930.604 shares of ESTORIL-SOL, S.G.P.S., S.A., it was a direct holder of 57,79% of the share capital and 58,09% of the voting rights.

The members of the Board of Directors and of the Advisory Board of the Companies which are controlled by or grouped under ESTORIL-SOL, held 120.036 shares of ESTORIL-SOL, S.G.P.S., S.A., corresponding to 1% of the share capital and voting rights.

Therefore, in overall terms, the direct and indirect stake of FINANSOL in the capital of ESTORIL-SOL is 57,79%, and 59,09% to the voting rights.

AMORIM - ENTERTAINMENT E GAMING INTERNATIONAL, S.G.P.S., S.A.

On 31 December 2020, ESTORIL-SOL, S.G.P.S., S.A. held 62.565 treasury shares, and, as AMORIM – ENTERTAINMENT E GAMING INTERNATIONAL, S.G.P.S., S.A. held 3.917.793 shares, this company was a direct holder of 32,67% of the share capital and 32,84% of the voting rights of ESTORIL SOL, S.G.P.S., S.A..

8. Number of shares and bonds held by the members of governing bodies, submitted under paragraph 5 of article 447 of the Portuguese Companies Act

Information regarding the securities issued by ESTORIL-SOL, S.G.P.S., and by companies with which the Company is in controlling or group relationship, which are owned by the members of the Corporate Offices of the Company on 31 December 2020.

	Nr shares 31.12.19	Date	Value (€/share)	Nr shares purchased	Nr shares sold	Nr shares 31.12.20
Board of Directors						
Pansy Catilina Chiu King Ho	0	-	-	-	-	0
Mário Alberto Neves Assis Ferreira	601	-	-	-	-	601
Patrick Wing Ming Huen	55 000	-	-	-	-	55 000
Maisy Chiu Ha Ho	0	-	-	-	-	0
Ambrose Shu Fai So	50 000	-	-	-	-	50 000
Man Hin Choi	527	-	-	-	-	527
António José de Melo Vieira Coelho	0	-	-	-	-	0
Vasco Esteves Fraga	608	-	-	-	-	608
Jorge Armindo de Carvalho Teixeira	0	-	-	-	-	0
Calvin Ka Wing Chann	1 000	-	-	-	-	1 000
Miguel António Dias Urbano de Magalhães Queiroz	0	-	-	-	-	0
Advisory Board						
Rui José da Cunha	12 300	-	-	-	-	12 300
Audit Board						
Manuel Maria Reis Boto	0	-	-	-	-	0
Vitor Prata Sevilhano Ribeiro	0	-	-	-	-	0
Paulo Ferreira Alves	0	-	-	-	-	0
Lisete Sofia Pinto Cardoso	0	-	-	-	-	0
Statutory Auditor						
Pedro Miguel Argente de Freitas e Matos Gomes	0	-	-	-	-	0

9. Powers of the Board of Directors for share capital increases

Within the terms of Article 23 of the Articles of Association of the Company, the Board of Directors enjoys the broadest management powers, as it can decide on any matter pertaining to company management, namely regarding:

- a. The election of its Chairman and Deputy Chairman, if the General Meeting itself has not made such an appointment;
- b. The co-opting of replacement directors;
- c. The creation, make-up, competence and working of the Executive Committee;
- d. The request for convening General Meetings;
- e. The annual report and accounts to be submitted to the General Meeting;
- f. Proposals to the General Meeting for the provision of warranties and personal or real guarantees by the Company;
- g. The proposal to the General Meeting of major extensions or reductions to the activity of the Company;
- h. Important modifications in the organization of the company;
- i. The establishment or cessation of lasting and important cooperation with other companies;
- j. Proposal to the General Meeting for an increase or reduction in the share capital;

- k. Proposal to the General Meeting of projects for the merger, division or transformation of the Company;
- l. Deliberation on increases in share capital, on one or more occasions, up to an absolute maximum increase of one million six hundred thousand and twenty-one thousand and ninety-three Euros and seventeen cents, for contributions in cash, provided that, in compliance with imperative legal standards, the increase is intended to be subscribed by directors, company employees and other people or entities providing services pertaining to the same, to be identified under the terms and conditions decided in the General Meeting [article 5.2 of the Articles of Association, *ex vi* of line l) of Article 23.1 of the same document];
- m. The appointment and dismissal of employees, and setting their salary or compensation, if applicable;
- n. The constitution of representatives or attorneys and the revocation of mandates granted;
- o. Representing the company, either directly or via representatives, either in or out of court, actively and passively, namely proposing, contesting and pursuing lawsuits, giving evidence, acquiescing or desisting, as well as assuming commitments in voluntary arbitration;
- p. The exercise of company rights corresponding to its holdings in the capital of other companies;
- q. The execution and bringing about of compliance with legal and statutory precepts and the decisions of the General Meeting;
- r. Any other matter on which any director requests the deliberation of the Board.

10. Business relationship between holders of qualified shareholdings and the Company

There are no significant commercial relationships between holders of qualified shareholdings and the Company.

B. GOVERNING BODIES AND COMMITTEES

I. Shareholders' general meeting

a) Composition of the Board of the Shareholders' General Meeting

11. Board of the Shareholders' General Meeting identification of members and mandate

The Board of the General Meeting, pursuant to Article 11 of the Articles of Association, comprises a Chairman, a Deputy Chairman and a Secretary, or only a Chairman and a Secretary, as decided by the General Meeting, who may or may not be shareholders. If there is a Deputy Chairman, he will replace the Chairman in his absence and impediment.

By reference to 31st December 2020, the composition of the Board of the General Meeting is currently as follows:

Chairman:	Dr. Pedro Canastra de Azevedo Maia
Deputy Chairman:	Dr. Tiago Antunes da Cunha Ferreira de Lemos
Secretary:.....	Dr ^a . Marta Horta e Costa Leitão Pinto Barbosa

The Chairman of the Board of the General Meeting, in performing its duties, receives the collaboration of the other members of the Board and of the services of the Company that are at his entire disposal to attend to his requests and to help him in the preparation and the practice of all the acts within his power.

We would draw attention to the collaboration provided in the preparation and realization of the General Meetings, and especially, the very close collaboration of the Administrative and Financial Board and of the Legal Services Board.

The Chairman, the Deputy Chairman and the Secretary of the Board were elected in the General Meeting of 26th May 2017, for the years 2017 to 2020.

b) Exercising voting rights

12. Possible restrictions on voting rights

According to the provisions in article 10.1 of the Articles of Association of Estoril-Sol, SGPS, SA, it was established, in accordance with and with respect for the legal provisions applicable, that: “The General Meeting is constituted by the shareholders that hold, at least, one hundred shares, provided that these shares have been registered or deposited in the Company’s safes up to five days before the date booked for the General Meeting, or the shares have been deposited with a financial intermediary, if they are nominal shares, or registered in registered securities accounts, if they are nominal or registered shares, and the declaration that this is so is received in the Company by that date.”

Within the terms of Article 10.3 of the Articles of Association, every hundred shares correspond to one vote.

13. Maximum percentage of voting rights that may be exercised by a single or group of shareholders, under paragraph 1 of Article 20 of the Portuguese Securities Code

Estoril-Sol articles of association or other instruments do not impose any maximum percentage of voting rights that may be exercised by a single shareholder or by shareholders that are in any of the relations referred to in Article 20(1) of the CVM.

14. Deliberative Quorum

Whether upon the first or second call, decisions on statutory changes, merger, division, transformation or winding-up of the company, election of the Remuneration Committee and of the Advisory Board, suppression or limitation of the pre-emptive right in share capital increases and the appointment of company liquidators have to be approved by the majority of the votes corresponding to the share capital (article 13.3 of the Articles of Association).

II. Management and Supervision

a) Composition (during 2020)

15. Identification of the adopted governance model

The Estoril-Sol's model of governance is based on the traditional Portuguese model (also known as the "Latin model"), which comprises a Board of Directors, an Audit Board and a Statutory Auditor.

16. Rules for nominating and replacing Board Members

The rules applicable to the appointment and replacement of the members of the Board of Directors follow the imperative standards applicable, as well as the provisions in the Articles of Association.

Within the terms of the Articles of Association of the Estoril-Sol, the administration of the Company is the responsibility of a Board of Directors comprising three to eleven directors, with an odd number thereof, shareholders or not, elected by the General Meeting.

The Articles of Association of the Estoril-Sol allow, within the terms of Article 392 of the CCC, for a minority that represents, at least, 10% of the share capital of the Company and that has voted against a winning proposal in the election of the Board of Directors, has the right to appoint a Director.

The General Meeting that elects the Board of Directors may appoint one of its members to perform the duties of the Chairman of the Board and one or two for Deputy Chairmen. If these are not appointed by the General Meeting, it is up to the directors to choose the Chairman of the Board of Directors and the Deputy Chairman/Chairmen from among themselves, and may replace them at any time.

Within the terms of the law, when the number of directors is increased during a mandate, or when a director is appointed by cooptation, the mandate of the new directors ends at the same time as those who are in office.

The mandate of the members of administration is for four years, where an election year is deemed to be a complete calendar year, and there is no restriction to directors' re-election.

Within the terms of Article 23 of the Articles of Association of the Company, the Board of Directors enjoys the broadest management powers, as it can decide on any matter pertaining to company management, namely regarding:

- a. The election of its Chairman and Deputy Chairman, if the General Meeting itself has not made such an appointment;
- b. The co-opting of replacement directors;
- c. The creation, make-up, competence and working of the Executive Committee;
- d. The request for convening General Meetings;
- e. The annual report and accounts to be submitted to the General Meeting;
- f. Proposals to the General Meeting for the provision of warranties and personal or real guarantees by the Company;
- g. The proposal to the General Meeting of major extensions or reductions to the activity of the Company;
- h. Important modifications in the organization of the company;
- i. The establishment or cessation of lasting and important cooperation with other companies;
- j. Proposal to the General Meeting for an increase or reduction in the share capital;
- k. Proposal to the General Meeting of projects for the merger, division or transformation of the Company;

- l. Deliberation on increases in share capital, on one or more occasions, up to an absolute maximum increase of one million six hundred thousand and twenty-one thousand and ninety-three Euros and seventeen cents, for contributions in cash, provided that, in compliance with imperative legal standards, the increase is intended to be subscribed by directors, company employees and other people or entities providing services pertaining to the same, to be identified under the terms and conditions decided in the General Meeting [article 5.2 of the Articles of Association, *ex vi* of line l) of Article 23.1 of the same document];
- m. The appointment and dismissal of employees, and setting their salary or compensation, if applicable;
- n. The constitution of representatives or attorneys and the revocation of mandates granted;
- o. Representing the company, either directly or via representatives, either in or out of court, actively and passively, namely proposing, contesting and pursuing lawsuits, giving evidence, acquiescing or desisting, as well as assuming commitments in voluntary arbitration;
- p. The exercise of company rights corresponding to its holdings in the capital of other companies;
- q. The execution and bringing about of compliance with legal and statutory precepts and the decisions of the General Meeting;
- r. Any other matter on which any director requests the deliberation of the Board.

17. Composition of the Board of Directors

In addition to the information provided in the previous point of this report (section 16), under this Paragraph 17 should be noted that the composition of the Board of Directors on December 31, 2020 was as follows:

Composition of the Board of Directors:

Chairman: Dr^a. Pansy Catllina Chiu King Ho

Deputy Chairmen: Dr. Mário Alberto Neves Assis Ferreira
Dr. Patrick Wing Ming Huen

Members: Dr^a. Maisy Chiu Ha Ho
Dr. Ambrose Shu Fai So
Sr. Choi Man Hin
Eng. António José de Melo Vieira Coelho
Dr. Vasco Esteves Fraga
Dr. Jorge Armindo de Carvalho Teixeira
Dr. Calvin Ka Wing Chann
Dr. Miguel António Dias Urbano de Magalhães Queiroz

The members of the Board of Directors were elected in the General Meeting of 26th May 2017, for the years 2017 to 2020.

The members of the Board of Directors first election occurred in the year:

- Dr^a Pansy Catilina Chiu King Ho – 2010
- Dr. Mário Alberto Neves Assis Ferreira – 1996
- Sr. Huen Wing Ming Patrick – 1995
- Dr^a. Maisy Chiu Ha Ho – 2020
- Dr. Ambrose So – 1978
- Sr. Choi Man Hin – 1995
- Eng.º António José de Melo Vieira Coelho – 2000
- Dr. Vasco Esteves Fraga – 2002
- Dr. Jorge Armindo de Carvalho Teixeira – 2006
- Dr. Calvin Ka Wing Chann – 2013
- Dr. Miguel António Dias Urbano de Magalhães Queiroz – 2013

18. Distinction between executive and nonexecutive members

The Board of Directors, with a collegial structure and jointly responsible for the decisions it adopts, and a supervisory structure composed of a Audit Board and a Statutory Auditor that is not a member of the Audit Board, pursuant to paragraph 1 b). Article 413 of the CSC.

19. Professional qualifications and curricular references of the members of the Board of Directors

PANSY CATILINA CHIU KING HO

Has specific training in International Management, Marketing and International Studies from the University of Santa Clara and has a PhD in Business Management from the University of Johnson & Wales.

Her main professional activity in recent years, specifically in Portugal, Hong Kong and Macau, includes the position as Director of MGM Grand Paradise, SA, of Shun Tak Holdings Limited, of STDM – Sociedade de Turismo e Diversões de Macau, SA., of Macau Tower Convention & Entertainment Centre, of Air Macau Company Limites, of Estoril Sol, SGPS, SA, of SGAL – Sociedade gestora da Alta de Lisboa, SA and Posse – SGPS, SA.

She currently holds the position of Member of the Board of Directors of Estoril-Sol, SGPS to which she was appointed on 31 May 2010, by cooptation, in replacement and upon the decease of Sr. António José Pereira.

On 31 December 2020 she held no shares in the share capital of Estoril-Sol, SGPS, SA.

MÁRIO ALBERTO DAS NEVES ASSIS FERREIRA (Deputy Chairman)

Has a graduate degree in law from Universidade Clássica of Lisbon as well as a degree in business administration from the Gestúlio Vargas Foundation in Rio de Janeiro. He is a Member of the Advisory Board of ISEG - Instituto Superior de Economia e Gestão (Institute of Higher Education in Economics and Management), Member of the Advisory Board of the Faculty of Economics and Business Sciences of Universidade Lusíada in Lisbon, as well as Member of the Advisory Board of the Graduate Degree in Tourism of the Universidade Lusófona de Humanidades e Tecnologias and Member of the Board of the School of the Faculty of Human Mobility.

In the last five years he has developed his professional activity as Chairman of Board of Directors in companies of the Estoril-Sol Group.

He currently holds the post of Deputy Chairman of the Board of Directors of Estoril-Sol, SGPS.

On 31 December 2020 he held 601 shares in the share capital of Estoril-Sol, SGPS, SA.

PATRICK WING MING HUEN (Deputy Chairman)

Has a graduate degree in accounting from the British Banking Institute.

His main professional activities over the last five years in China, Hong Kong, Macau and Portugal, include the post of Voting Member of the Board of Directors in the companies Industrial and Commercial Bank of China Ltd., CAM – Sociedade do Aeroporto Internacional de Macau, SARL, King Power Lojas Francas (Macau) SARL, MACAUPORT - Sociedade de Administração de Portos, SARL, FINANSOL, SGPS, SA, Estoril -Sol, SGPS, SA, Estoril Sol, (III) Turismo, Animação e Jogo, SA and Varzim Sol – Turismo, Jogo e Animação, SA.

He currently holds the post of Deputy Chairman of the Board of Directors of Estoril-Sol, SGPS, to which he was first elected on 31 March 1995.

On 31 December 2020 he held 55,000 shares in the share capital of Estoril-Sol, SGPS, SA.

MAISY CHIU HA HO

Has specific training in Arts, specializing in Psychology and Telecommunications, from the University of Pepperdine, California, United States of America.

Her main professional activity carried out in recent years, namely in Macau and Hong Kong, includes the position of President and Executive Director of Unitas Holding Ltd, and the position of Director Shun Tak Holdings Limited stand out. She assumed the position of Member of the Board of Directors of Estoril-Sol, SGPS on June 24th, 2020, by cooptation, after being nominated as Chairman of the Board of Directors, Ms. Pansy Catilina Chiu King Ho in substitution and for the death of Mr. Dr. Stanley Hung Sun Ho.

On 31 December 2020 she held no shares in the share capital of Estoril-Sol, SGPS, SA.

AMBROSE SHU FAI SO

Has a P.H.D. in Management from the University of Hong Kong.

His professional activities over the last five years in China, Hong Kong, Macau and Portugal, most notably include the post of Chairman of the Board of Directors in Tianjin Hexin Development Co., Ltd., MACAUPORT - Sociedade de Administração de Portos, SARL and Voting Member of the Board of Directors in Tonic Industries Holdings Ltd, SJM Holdings Ltd, Shanghai Hongyi Real Estate Development Co. Ltd, Sociedade de Empreendimentos NAM VAN, SARL, Sociedade de Jogos de Macau, SA, STDM - Investimentos Imobiliários, S.A., Finansol, SGPS, SA and Estoril-Sol, SGPS, SA.

He currently serves as a Voting Member of the Board of Directors of Estoril-Sol, SGPS, to which he was first elected on 10 March 1998.

On 31 December 2020 he held 50.000 shares in the share capital of Estoril -Sol, SGPS, SA.

MAN HIN CHOI

Has specific training in Casino management, Las Vegas.

In the last five years he has developed his professional activity as Voting Member of the Board of Directors in companies of the Estoril Sol Group.

He currently serves as a Voting Member of the Board of Directors of Estoril-Sol, SGPS, to which he was first elected on 31 March 1995.

On 31 December 2020 he held 527 shares in the share capital of Estoril-Sol, SGPS, SA.

ANTÓNIO JOSÉ DE MELO VIEIRA COELHO

Has a graduate degree in Radiotechnology from Escola Náutica Infante D. Henrique (Shipping School). In the last five years he has developed his professional activity as Voting Member of the Board of Directors in companies of the Estoril Sol Group.

He currently serves as a Voting Member of the Board of Directors of Estoril-Sol, SGPS, to which he was first elected on 24 April 2000.

On 31 December 2020 he did not hold any shares in the share capital of Estoril-Sol, SGPS, SA

VASCO ESTEVES FRAGA

Has a graduate degree in Finance from the Instituto Superior de Economia (Higher Institute of Economics). In the last five years he has developed his professional activity as Voting Member of the Board of Directors in companies of the Estoril Sol Group, and as a member of the General Audit Board of the Banco Comercial Português (Millennium BCP). He is currently director of SGAL – Sociedade Gestora da Alta de Lisboa, SA.

He currently serves as a Voting Member of the Board of Directors of Estoril-Sol, SGPS, to which he was first elected on 2 May 2006.

On 31 December 2020 he held 608 shares in the share capital of Estoril- Sol, SGPS, SA.

JORGE ARMINDO DE CARVALHO TEIXEIRA

Has a graduate degree in economics from the Faculty of Economics of the University of Porto, where he lectured from 1976 to 1992.

His professional activities over the last five years include the post of Chairman of the Board of Directors in several companies, among them Amorim – Entertainment e Gaming International, SGPS,SA, Amorim Turismo, Serviços Gestão, SA, Edifer Angola, SA, Iberpartners – Gestão e Reestruturação de Empresas, SA, Troia Peninsula Investimentos, SGPS, SA and Estoril Sol, SGPS, SA.

He has been a Voting Member of the Board of Directors of Estoril-Sol, SGPS, SA since 31 January 2006.

At the end of 2020 he did not hold any shares in the share capital of Estoril-Sol, SGPS, SA

CALVIN KA WING CHANN

Born in 1962.

Graduate in Civil Engineering from the University of Westminster in London.

Certified member of Chartered Association of Certified Accountants (ACCA).

Worked in London at Halcrow Fox & Associates and Leigh Philip & Partners, Chartered Accountants.

He has been a Voting Member of the Board of Directors of Estoril-Sol,SGPS,S.A since 04th February 2013.

At the end of 2020 he holds 1.000 shares in the share capital of Estoril-Sol, SGPS, SA

MIGUEL ANTÓNIO DIAS URBANO DE MAGALHÃES QUEIROZ

Born in 1962

Law Degree from the Universidade Católica Portuguesa, Lisbon, in 1986.

Lawyer admitted to the Bar Association in Portugal since 1987.

Admitted to the Lawyers Association of Macau (Founder – 1987).

Admitted as Private Notary in Macau (1991).

Legal Advisor at Lisbon City Hall from 1985 until 1987.

Partner and Attorney at Soc. de Advogados RC, Lawyers – Macau 1987 until 1996.

Since 1996 he has been member of the Board of Directors of STDM – Departamento de Investimentos, - Portugal, as well as other companies from STDM Group in Portugal.

He has been a Voting Member of the Board of Directors of Estoril-Sol,SGPS,S.A since 04th February 2013.

At the end of 2020 he did not hold any shares in the share capital of Estoril-Sol, SGPS, SA

20. Significant family, business and commercial relationships between members of the Board of Directors and shareholders with attributed qualified shareholdings

The Company is not aware of any family, professional or commercial, customary and meaningful relationships between members of the Board of Directors of the Company and any qualified shareholder of the Company.

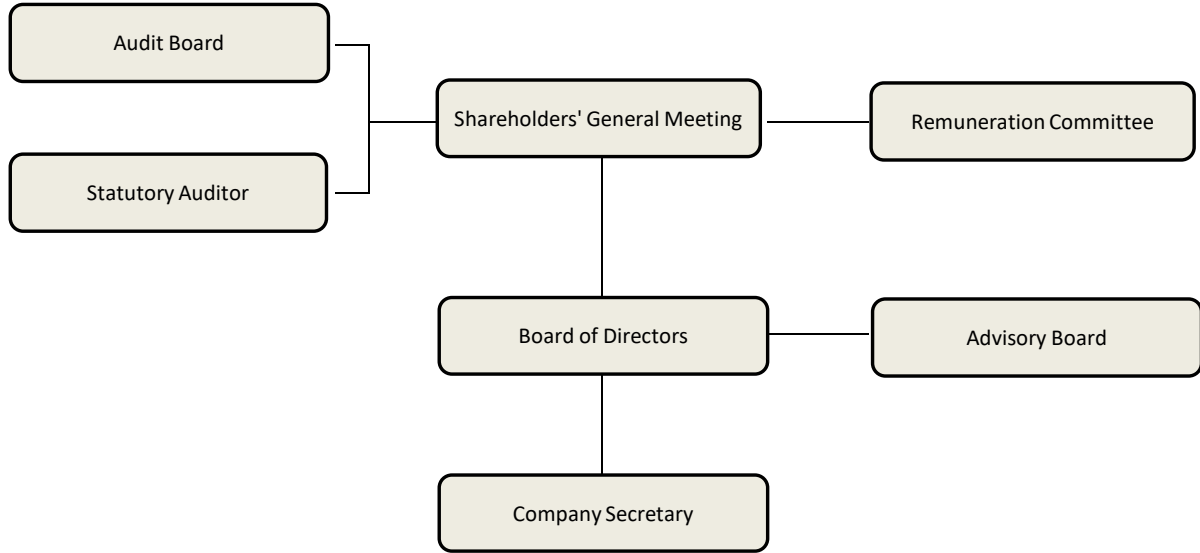
21. Division of powers between the different boards, committees and / or departments within the Company, including the delegation of powers, particularly with regards to the delegation of the Company's daily management

Taking into consideration the reduced size of the Company, there is no division of duties between the members of the corporate offices and departments of the Company, specifically the distribution of areas of responsibility among the members of the Company's Board of Directors.

The competences of the management and Audit Boards, as well as of the committees and/or departments of the Company are those that are defined in the Articles of Association, there being no complex model of internal organization with regard to the day-to-day management of Estoril-Sol, neither is there any distribution of areas of responsibility by the members of the Board of Directors.

Within the scope of its activity of managing of shareholdings, the Board of Directors has a small Administrative Support Service.

Below, we will introduce the organization chart of the governing bodies of Estoril Sol:



b) Operating rules

22. Internal Regulation of the Board of Directors

The Internal Regulation of the Board of Directors and Executive Committee of the Board of Directors are available for consultation at the Company’s website www.estoril-solsgps.com

23. Number of meetings held and attendance level of each member of the Board of Directors

The Board of Directors meets on a regular basis, and that regularity is, in principle, once monthly, and always whenever there are issues that justify convening it.

Boards occur in conformity with a previously set schedule and their work agendas are previously given out to all members of the Board, as well as their minutes and supporting documents.

Given the specific composition of the Board of Directors of the Company, meetings of the Board of Directors have been held by telematic means.

The Board of Directors met nine (9) times in 2020, with the respective members presenting the following level of attendance:

Member	Attendance	Representation	Attendance percentage (a)
Pansy Catilina Chiu King Ho	8	0	89%
Mário Alberto Neves Assis Ferreira	9	0	100%
Patrick Wing Ming Huen	0	0	0%
Maisy Chiu Ha Ho	6	0	100%
Ambrose Shu Fai So	0	0	0%
Man Hin Choi	9	0	100%
António José de Melo Vieira Coelho	9	0	100%
Vasco Esteves Fraga	9	0	100%
Jorge Armindo de Carvalho Teixeira	9	0	100%
Calvin Ka Wing Chann	9	0	100%
Miguel António Dias Urbano de Magalhães Queiroz	9	0	100%

(a) Percentage with reference to attendance

Estoril-Sol, SGPS, S.A. is a holding company with operations managed by its subsidiaries, mainly related with gaming concessions operated by “Estoril-Sol (III). Turismo, Animação e Jogo S.A.” and “Varzim-Sol – Turismo, Jogo e Animação, S.A.”. These subsidiaries have their own management structure, Executive Committees which meet on average every two weeks, and on which the current management of operations has been delegated by the respective Board of Directors. The minutes of the meetings of the Executive Committees of the operating companies are promptly disclosed to the members of the Board of Directors of Estoril Sol SGPS, SA, or whenever they request it, allowing them to be at any moment aware of all activity and decisions taken within the operating companies of the Estoril Sol Group.

In addition, the fact that Estoril Sol SGPS, SA has appointed, since 2008, a company secretary who centralizes all information related to the decisions taken within the companies of the Group and in control of Estoril-Sol, SGPS, SA, constituting the repository of the minutes related to the decisions taken in the meetings of the Board of Directors and Executive Committee of the operating companies. This information repository is available to be consulted or requested as long as legitimately and justifiably.

24. Competent Bodies of the Company to appraise the performance of executive directors

The Remuneration Committee is within the Estoril Sol SGPS, SA, the appropriate body to appraise the performance of the Board of Directors Executive Committee members.

25. Predetermined criteria for evaluating the performance of executive directors

The performance of executive directors is taken in accordance with the following guiding principles:

- The duties and responsibilities assumed by the executive directors, taking also in consideration the responsibilities assumed in Estoril-Sol, SGPS, S.A. subsidiaries, and in any rewards earned within these ones.
- The economic situation of the Company, as well as the Company's interests in the long term and real company growth and value added for the shareholders.
- General market conditions for comparable situations among other companies in the same sector, listed on Euronext Lisbon and equivalent size, taking into account the competitiveness of the remuneration framework proposed.

26. Availability of the members of the Board of Directors

From the point of view of the needs of the Company, ordinary and / or extraordinary, the members of the Board have always shown full dedication and availability.

Notwithstanding, it should be noted that each of them occupies the following positions in other entities:

PANSY CATILINA CHIU KING HO

❖ Within the Group Estoril-Sol

In Portugal:

Chairman of the Board of Directors:

ESTORIL SOL, SGPS, SA

Member of the Board of Directors:

- DTH – Desenvolvimento Turístico e Hoteleiro, S.A.

❖ Outside the Group Estoril-Sol

In Portugal:

Chairman of the Board of Directors:

- STDM - Investimentos, SGPS, SA
- STDM - Investimentos Imobiliários, S.A

Member of the Board of Directors:

- Central de Aplicações, SGPS, SA
- STDM – Investimentos, SGPS, SA
- Guinor, Companhia de Desenvolvimento Imobiliário, SGPS, SA
- POSSE – Sociedade Gestora de participações Sociais, SGPS, SA
- SGAL - Sociedade Gestora da Alta de Lisboa, SA
- Brightask - Gestão e Investimentos, S.A
-

In Macau:

Member of the Board of Directors:

- STDM - Sociedade de Turismo e Diversões de Macau, SA
- STDM – Hotels and Investments Limited
- AIR MACAU Company Limited
- King Power Duty Free (Macau) Company Limited
- JET ASIA Ltd
- MGM Grand Paradise Limited

Chairman of the Board of Directors:

- Macau Tower Convention & Entertainment Centre
- Sociedade de Turismo Insular SA

Deputy-Chairman and Director

- Macau International Airport Co Ltd

In Hong Kong:

Chairman of the Board of Directors

- SHUN TAK – China Travel Shipping Investments Limited

Member of the Board of Directors:

- SHUN TAK Holdings Limited
- HONG KONG International Airport Terminal Services Limited

- **PATRICK WING MING HUEN**

❖ Within the Group Estoril-Sol

In Portugal

Chairman of the Board of Directors:

- Varzim-Sol, Turismo, Jogo e Animação, S.A.
- Deputy Chairman:
- ESTORIL SOL, SGPS, SA
- Estoril Sol III - Turismo, Animação e Jogo, S.A.

❖ Outside the Group Estoril-Sol

In Portugal

Member of the Board of Directors

- FINANSOL, SGPS, SA
-

In Macau

Member of the Board of Directors

- Industrial and Commercial Bank of China (Macau), Ltd
- CAM - Sociedade do Aeroporto Internacional de Macau, SARL
- King Power Lojas Francas (Macau), SARL
- MACAUPORT - Sociedade de Administração de Portos, SARL
- Millennium - Instituto de Educação, S.A.
- Dr. Stanley Ho Foundation
- Tianjin Hexin Development Co. Ltd.

MÁRIO ALBERTO NEVES ASSIS FERREIRA

❖ Within the Group Estoril-Sol

Chairman of the Board of Directors:

- Estoril Sol (III) - Turismo, Animação e Jogo S.A
-
- Deputy Chairman of the Board of Directors
 - o Estoril-Sol, SGPS, S.A.
- Varzim Sol - Turismo, Jogo e Animação, S.A

AMBROSE SHU FAI SO

❖ Within the Group Estoril-Sol

Member of the Board of Directors:

- Estoril Sol, SGPS, SA

❖ Outside the Group Estoril-Sol

In Portugal

Chairman of the Board of Directors

- Brightask - Gestão e Investimentos, S.A.
- Member of the Board of Directors:*
- Central de Aplicações, SGPS, SA

- Credicapital - SGPS, S.A.
- Finansol, S.A.
- Guinor - Companhia de Desenvolvimento Imobiliário, SGPS, S.A.
- Imapex - Soc. De Construções e investimento Imobiliário, S.A.
- POSSE, SGPS, S.A.
- STDM - Investimentos, SGPS, SA
- STDM - Investimentos Imobiliários, S.A.
- IMO 12 - Gestão Mobiliária e Imobiliária Unipessoal, SA
- IMO-OITO - Soc. De Investimentos imobiliários, SA
- Guinchotel - Actividades Hoteleiras, Lda.
- Gerente da STDM - Gestão de Investimentos, Unipessoal, Lda.

In Macau

Chairman of the Board of Directors:

- MACAUPORT - Sociedade de Administração de Portos, SARL
Macau Horse Racing Co., Ltd.
- Millennium - Instituto de Educação, S.A.
- Sociedade de Empreendimentos NAM VAN, SARL
- Sociedade de Jogos de Macau, S.A.
- Ponte 16 - Desenvolvimento Predial, S.A.
- Geocapital - Investimentos Estratégicos, S.A.

In Hong Kong

Member of the Board of Directors:

- SJM Holdings Ltd
- Tonic Industries Holdings Ltd

In China

Chairman of the Board of Directors:

- Tianjin Hexin Development Co., Ltd.

Member of the Board of Directors:

- Shanghai Hongyi Real Estate Development Co., Ltd

MAISY CHIU HA HO

❖ Within the Group Estoril-Sol

In Portugal:

Member of the Board of Directors:

- ESTORIL SOL, SGPS, SA

❖ Outside the Group Estoril-Sol

In Macau:

Member of the Board of Directors:

- Centro de Aviação Comercial de Macau, Lda
- STDM – Investimentos e Hotéis, Limitada
- Sociedade de Turismo e Desenvolvimento Insular, S.A.R.L
- Sociedade de Turismo e Diversões de Macau, S.A.
- Sociedade de Jogos de Macau, S.A.
- STDM – Administração de Propriedades, Lda.

In Hong Kong:

Chairman of the Board of Directors

- Unitas Holding Limites

Member of the Board of Directors:

- SHUN TAK Holdings Limited
- SHUN TAK – China Travel Shipping Investments Limited ~

- **MAN HIN CHOI**

❖ Within the Group Estoril-Sol

Member of the Board of Directors:

- Estoril Sol, SGPS, S.A.
- Estoril Sol III - Turismo, Animação e Jogo, S.A.
- Varzim-Sol - Turismo, Jogo e Animação, S.A.
- Estoril Sol Investimentos Hoteleiros, S.A.
- Estoril Sol Digital, Online Gaming Products and Services, S.A.
-

❖ Outside the Group Estoril-Sol

Member of the Board of Directors:

- BRIGHTASK - Gestão de Investimentos, S.A.
- Credicapital, SGPS, S.A.
- Guinchotel - Actividades Hoteleiras, Lda.
- Oriente, SGPS, S.A.
- STDM, Investimentos SGPS, SA
- STDM - Investimentos Imobiliários, S.A.
- STDP, SGPS, S.A.

Manager:

- IMAPEX - Soc. Construções and Investimentos Imobiliários, Lda.
- IMO-DOZE - Gestão Mobiliária e Imobiliária Unipessoal, Lda.
- IMO-OITO - Sociedade de Investimentos Imobiliários, Lda.
- STDM - Gestão de Investimentos, Lda.

VASCO ESTEVES FRAGA

❖ Within the Group Estoril-Sol

Member of the Board of Directors:

- Estoril Sol, SGPS, S.A.
- Estoril Sol III - Turismo, Animação e Jogo, S.A.
- Varzim Sol - Turismo, Animação e Jogo, S.A.
 - o Estoril Sol Digital – Online Gaming Products and Services, S.A.
 - o Estoril-Sol Investimentos Hoteleiros, S.A.;
 - o Estoril-Sol e Mar - Investimentos Imobiliários, S.A.;
 - o DTH – Desenvolvimento Turístico e Hoteleiro, S.A.;
 - o Estoril-Sol Imobiliária, S.A.;
 - o Estoril-Sol (V) Investimentos Imobiliários, S.A

❖ Outside the Group Estoril-Sol

Member of the Board of Directors:

- SGAL - Sociedade Gestora da Alta de Lisboa, SA
-

ANTÓNIO JOSÉ DE MELO VIEIRA COELHO

❖ Within the Group Estoril-Sol

Member of the Board of Directors:

- Estoril Sol, SGPS, S.A.
- Estoril Sol III - Turismo, Animação e Jogo, S.A.
- Varzim Sol – Turismo, Animação e Jogo, S.A.
- Estoril Sol - Investimentos Hoteleiros, S.A.
- Estoril Sol e Mar - Investimentos Imobiliários, S.A.
- DTH – Desenvolvimento Turístico e Hoteleiro, S:A.
- Estoril Sol Imobiliária, S.A.
- Estoril Sol V - Investimentos Imobiliários, S.A.
- o Estoril Sol Digital – Online Gaming Products and Services, S.A.
- o Estoril Sol Digital Capital Digital, S.A.
- o Estoril Sol Internacional, S.A.

❖ Outside the Group Estoril-Sol

Member of the Board of Directors:

- STDM - Investimentos Imobiliários, S.A.

JORGE ARMINDO DE CARVALHO TEIXEIRA

❖ Within the Group Estoril-Sol

Member of the Board of Directors:

- o Estoril Sol, SGPS, S.A
- o DTH – Desenvolvimento Turístico e Hoteleiro, S.A.

❖ Outside the Group Estoril-Sol

Member of the Board of Directors:

- Amorim - Entertainment and Gaming Internacional, SGPS, SA
- Amorim Turismo, SGPS, SA
- BL&GR, S.A.
- Blue & Green, II, S.A.
- Blue & Green – Serviços e Gestão, S.A.
- CHT - Casino Hotel de Tróia, SA
- Eleven – Restauração e Catering S.A.
- Fundação do Alto da Lixa, S.A.
- Fozpatrimónio, S.A.
- Goldtur - Hotéis e Turismo, SA
- Grano Salis - Investimentos Turísticos, e Lazer, S.A.
- Grano Salis II - Investimentos Turísticos, e Lazer, S.A.
- Iberpartners - Gestão e Reestruturação de Empresas S.A.
- Iberpartners Cafés, SGPS, S.A.
- Hotel Turismo, SARL
- Imofoz, SA
- Mobis - Hotéis de Moçambique, SARL
- Notel - Empreendimentos Turísticos, SARL
- Prifalésia - Construção e Gestão de Hotéis, SA
- SGGHM - Sociedade Geral de Hotéis de Moçambique, S.A.

- Sociedade Figueira Praia, SA
- SPIGH - Sociedade Portuguesa de Investimentos e Gestão Hoteleira, S.A.
- Troia Península Investimentos, SGPS, SA
- Turyleader, SGPS, SA

CALVIN KA WING CHANN

❖ Within the Group Estoril-Sol

Chairman of the Board of Directors

- o Estoril Sol Digital – Online Gaming Products and Services, S.A.

Member of the Board of Directors

Estoril Sol, SGPS, S.A.

- Estoril Sol III - Turismo, Animação e Jogo, S.A.
- Varzim Sol - Turismo, Animação e Jogo, S.A.
- Estoril-Sol Investimentos Hoteleiros, S.A.;
- Estoril-Sol e Mar - Investimentos Imobiliários, S.A.;
- DTH – Desenvolvimento Turístico e Hoteleiro, S.A.;
- Estoril-Sol Imobiliária, S.A.;
- Estoril-Sol (V) Investimentos Imobiliários, S.A.;
- Estoril Sol Capital Digital, S.A.;
- Estoril Sol Internacional, S.A

❖ Outside the Group Estoril-Sol

Member of the Board of Directors:

- BRIGHTASK-Gestão de Investimentos, S.A.
- CENTRAL DE APLICAÇÕES – SGPS, S.A.
- CREDICAPITAL-Sociedade Gestora de Participações, S.A.
- GUINCHOTEL – Actividades Hoteleiras, Lda.
- GUINOR Companhia de Desenvolvimento Imobiliário, SGPS, S.A.
- IMAPEX, Sociedade de Construções e Investimentos Imobiliários, S.A.
- IMO 12 – Gestão Mobiliária e Imobiliária, S.A.
- IMO 8 – Sociedade de Investimentos Imobiliários, S.A.
- MALHA 5 – Investimentos Imobiliários, S.A.
- POSSE, SGPS, S.A.
- STDM – Investimentos, SGPS, S.A.
- STDM – Investimentos Imobiliários, S.A.
- STDM – Gestão de Investimentos, Unipessoal, Lda.
- Orientenjoy, S.A.

MIGUEL ANTÓNIO DIAS URBANO DE MAGALHÃES QUEIROZ

❖ Within the Group Estoril-Sol

Member of the Board of Directors

- Estoril-Sol, SGPS, S.A.
- Estoril-Sol III - Turismo, Animação e Jogo, S.A.
- Varzim Sol - Turismo, Animação e Jogo, S.A.
- DTH - Desenvolvimento Turístico e Hoteleiro, S.A
- Estoril-Sol - Investimentos Hoteleiros, S.A.
- Estoril-Sol Imobiliária, S.A.
- Estoril-Sol V - Investimentos Imobiliários, S.A.
- Estoril Sol e Mar - Investimentos Imobiliários, S.A.

❖ Outside the Group Estoril-Sol

Member of the Board of Directors:

- BRIGHTASK-Gestão de Investimentos, S.A.
- FINANSOL - Soc. De Controlo, SGPS, S.A.
- GUINCHOTEL – Actividades Hoteleiras, Lda.
- IMAPEX, Sociedade de Construções e Investimentos Imobiliários, S.A.
- IMO 12 – Gestão Mobiliária e Imobiliária, S.A.
- STDM – Investimentos, SGPS, S.A.
- STDM – Gestão de Investimentos, Unipessoal, Lda.
- Portline -Transportes Marítimos Internacionais, S.A.
- Portline Bulk International, S.A.
- Portline Ocean, S.A.

Chairman of the Annual General meeting:

- Portline -Transportes Marítimos Internacionais, S.A.
- Portline Bulk International, S.A.
- Portline Ocean, S.A.

c) Committees within the Board of Directors

27. Identification of Committees created within the Board of Directors

No specialized committee has been created within the Board of Directors.

The Board of Directors, with a collegial structure and jointly responsible for the decisions it adopts, and a supervisory structure composed of a Audit Board and a Statutory Auditor that is not a member of the Audit Board , pursuant to paragraph 1 b). Article 413 of the CSC

28. Composition of the Executive Committee

No specialized committee has been created within the Board of Directors.

29. Internal Committees and Advisory Groups of the Board of Directors

Not applicable to the Company since it has no specialized committee within the board of directors.

The Board of Directors, with a collegial structure and jointly responsible for the decisions it adopts.

III. Audit

a) Composition

30. Identification of the Auditing Bodies

The supervision of Estoril-Sol is the responsibility of a Audit Board comprising three to five effective members and one or two alternates, respectively, shareholders or not, and to a Statutory Auditor or Firm of Statutory Auditors which is not a member of the Audit Board. (article 25 of the Articles of Association).

31. Composition

The members of the Audit Board, in functions at December 31st, 2020, were elected in the General Meeting of 26th May 2017. The mandate of the members of the Audit Board is for four years, where an election year is deemed to be a complete calendar year, and there is no restriction to their re-election.

The Audit Board decides with a simple majority of its members, who all have equal voting rights, and decisions are taken by a majority of the votes.

Composition of the Audit Board:

Chairman: Dr. Manuel Maria Reis Boto
Members: Dr. Vítor Pratas Sevilhano Ribeiro
Dr. Paulo Ferreira Alves
Alternate: Dr.^a Lisete Sofia Pinto Cardoso

Statutory Auditor:

Deloitte & Associado, SROC. No. 43 - Represented by Pedro Miguel Argente de Freitas e Matos Gomes, Statutory Auditor no. 1172. The external auditor was elected for four years in the General Meeting of 26th May 2017, upon the proposal of the Audit Board.

The members of the Audit Board in office on December 31st, 2020 were elected at the General Meeting of May 26th, 2017, for a four-year term corresponding to the four-year period of 2017/2020. The term of office of the members of the Audit Board is four years, with the election year being considered as a complete calendar year, with no restriction on reelection.

The Audit Board deliberates with a simple majority of its members, all of whom have equal voting rights and the decisions are taken by majority vote.

As mentioned in the previous point, in accordance with article 25 of the Articles of Association, the Company's supervision is the responsibility of a Fiscal Council made up of three or five effective members and one or two alternates, shareholders or not, and a statutory auditor or company of statutory auditors who is not a member of that Board.

32. Independence

The members of the Audit Board of the Estoril-Sol comply with the rules of incompatibility set out in paragraph 1 of Article 414.-A and meet the criteria of independence set out in Article 414.5, both of the CCC.

33. Professional Qualifications

MANUEL MARIA REIS BOTO

Degree in Finance from Instituto Superior de Economia e Gestão (ISEG) 1975.

Statutory Auditor nº523.

It was elected for the first time to be a member of the Audit Board of the company at the General Meeting of 26th May 2017.

As of December 31st, 2020, does not hold shares representing the capital of Estoril-Sol, SGPS, SA.

VITOR PRATAS SEVILHANO RIBEIRO

Degree in Finance from Instituto Superior de Economia, 1974.

Graduated in Hospital Administration from the National School of Public Health of Lisbon, 1976

Certified by INSEAD (Fontainebleau) - Advanced Management Program and Financial Management Program, 1981.

Professional Certified Coach pelo ICF – International Coach Federation, 2009.

Advanced Program for Non-Executive Directors of the IPCG, 2016.

It was elected for the first time to be a member of the Audit Board of the company at the General Meeting of 26th May 2017.

As of December 31st, 2020, does not hold shares representing the capital of Estoril-Sol, SGPS, SA.

PAULO FERREIRA ALVES

Degree in Law from the Law University of Lisbon, 1990.

Degree in European Studies at the Institute of European Studies of Law University of Lisbon, 1992.

Holds an MBA in Management and Taxation from the Institute of Higher Financial and Tax Studies (IESF), 1995

Specialization in Economic and Legal Sciences at the Law University of Lisbon, 2014.

It was elected for the first time to be a member of the Audit Board of the company at the General Meeting of 26th May 2017.

As of December 31st, 2020, does not hold shares representing the capital of Estoril-Sol, SGPS, SA.

LISETE SOFIA PINTO CARDOSO (Alternate)

Degree in Economics from the University of Coimbra, 1993.

It was elected for the first time to be a member of the Audit Board of the company at the General Meeting of 26th May 2017.

As of December 31st, 2020, does not hold shares representing the capital of Estoril-Sol, SGPS, SA.

b) Operating rules

34. Internal Regulation and Annual Activity Report

The operating rules of the Audit Board are defined in the Articles of Association of the Company (Chapter V - Article 25 to 28) and can be found on the Website (www.estoril-solsgps.com).

35. Statutory Audit Board Meetings

The Audit Board meets whenever it is considered that there is an issue that warrants a meeting, with meetings being held at least once per quarter.

Meetings occur in conformity with the decision of the Chairman with minutes being drawn up of all the meetings.

The Audit Board met 7 times during 2020, with all its members attending all meetings.

36. Availability of the members of the Statutory Board members

All members of the Audit Board of the Company demonstrated, consistently, its willingness to exercise their functions, having appeared regularly at board meetings and participated in its work.

MANUEL MARIA REIS BOTO

❖ Outside Group Estoril-Sol

- Saipem
Chairman of the Audit Board (Brasil)

VITOR PRATAS SEVILHANO

❖ Outside Group Estoril-Sol

- Partner of EEC, European School of Coaching.

PAULO FERREIRA ALVES

❖ Outside Group Estoril-Sol

- BDO & Associados, SROC, Lda.
Member of the Executive Committee and Senior Tax Partner

- BDO Consulting, Lda.
Board member

- BDO Outsourcing, Lda.
Board member

- Member of the Audit Board:
- Netjets – Transportes Aéreos S.A.;
-

Others:

- CAAD, Centro de Arbitragem Administrativa - Referee Judge.

LISETE SOFIA PINTO CARDOSO❖ Outside Group Estoril-Sol

- Atena Equity Partners, SCR, S.A.
Chairman of the Audit Board
- Makro – Cash & Carry Portugal, S.A.
Chairman of the Audit Board
- Vialitoral – Concessões Rodoviárias da Madeira, S.A.
Chairman of the Audit Board
- Faber Capital, SCR, S.A.
Chairman of the Audit Board
- Empresa de Electricidade da Madeira, S.A.
Member of the Audit Board
- Travel Tailors Portugal
Owner and Partner

c) Duties and Competencies**37. Intervention by the Statutory Audit Board for the purpose of hiring additional services to the Statutory External Auditor**

The Statutory Audit Board is responsible for the approval of additional audit services to the Statutory External Auditor.

38. Other duties carried out by the Statutory Audit Board

The Audit Board has the powers and is subject to the duties established at law and in the Articles of Association of Estoril-Sol, and may perform all the acts of verification and inspection that it considers convenient for the fulfilment of its obligations of supervision, and is particularly responsible for:

- supervising the administration of the Company and checking on the observance of the law and the Articles of Association of the Company;
- verifying the precision of the accounting documents prepared by the Board of Directors and supervising the respective review;
- proposing the appointment of the Statutory Auditor to the General Meeting;
- calling the General Meeting whenever the Chairman of the respective Board does not do so when he should;
- preparing the annual report on its activity and presenting an opinion on the Board of Directors' Report.

IV. Statutory external auditor

39. Identification

Statutory Auditor:

Deloitte & Associado, SROC. No. 43 - Represented by Pedro Miguel Argente de Freitas e Matos Gomes, Statutory Auditor no. 1172. The external auditor was elected for four years in the General Meeting of 26th May 2017, upon the proposal of the Audit Board.

40. Permanence in Functions

The external auditor was elected for the first time for a period of four years (2017/2020) in the General Meeting of 26th May 2017, upon the proposal of the Audit Board.

41. Other services provided to the Company

The Statutory Auditors additionally provides to the Company, the services of external auditors.

V External auditor

42. Identification

Deloitte & Associado, SROC. No. 43 - Represented by Pedro Miguel Argente de Freitas e Matos Gomes, Statutory Auditor no. 1172. The external auditor was elected for four years in the General Meeting of 26th May 2017.

43. Permanence in Functions

Deloitte & Associado, SROC. No. 43 - Represented by Pedro Miguel Argente de Freitas e Matos Gomes, Statutory Auditor no. 1172. The external auditor was elected for four years (2017/2020) in the General Meeting of 26th May 2017, upon the proposal of the Audit Board.

44. Policy and frequency of rotation of the external auditor

Please see point 43 above from this same report.

45. External Auditor assessment

According to the model of the corporate governance, the election or removal of the Statutory Auditor / External Auditor is decided at the General Assembly upon the proposal of the Audit Board.

The Audit Board undertakes an annual overall assessment of the External Auditor in which includes an assessment of their independence.

46. Additional work, other than audit services, performed by the External Auditor and hiring process

During the year ended December 31st, 2020 were not performed by the external auditor other works than audit work.

47. Remuneration of the External Auditor

In 2020 the said Statutory Auditor earned 123.000 Euros for the services provided exclusively to Estoril-Sol, SGPS, S.A.

C. INTERNAL REGULATION**I. Articles of Association****48. Rules applicable in the case of amendments to the Company's Articles of Association**

The amendments of the company's Articles of Association is subject to the imperative rules of the law such as those set out in the Articles of Association.

- Resolutions on statutory changes, merger, spin-off, transformation or dissolution of the company, election of the Remuneration Committee and Advisory Board, suppression or limitation of the preemptive right in capital increases and designation of liquidators of the company, must be approved by majority of votes corresponding to share capital (article 13, paragraph 3 of the Articles of Association).
- Regarding the management of the company, shareholders can only deliberate at the request of the Board of Directors (Article 12, paragraph 5 of the Articles of Association).
- The share capital may be raised by simple decision of the Board of Directors, for one or more times, up to the maximum and absolute increase limit of one million six hundred and twenty-one thousand and ninety-three Euros and seventeen cents, for entries in money, as long as the mandatory legal rules are respected, the increase is intended to be subscribed by Board members, company employees or other persons or entities with the provision of services relevant to it, to be identified in the terms and conditions decided at the General Meeting (article 5 n° 2 of the Statutes).
- The resolution of the General Meeting that suppresses or limits the preemptive right of the shareholders in capital increases for cash contributions, resolved by the General Meeting or by the Board of Directors, must be approved by a majority of the votes corresponding to the share capital (article 5, No. 3 of the Statutes).
- The share capital of the company will be increased annually, up to a maximum limit of 15% of the share capital increase at any time, through the incorporation of a special incorporation reserve, provided that the reserve amount is equal to or greater than 3% of the share capital carried out at each moment (Article 31, paragraph 6 of the Statutes).

II – Reporting Irregularities

49. Policy on reporting Irregularities

Subsidiary companies that are gaming concessionaries are subject to supervision by the Serviço de Inspeção de Jogo do Turismo de Portugal, I.P., to which it is mandatory to notify any irregularities found, as part of their operations.

The Company formalized a policy and initiatives for communicating irregularities in accordance with the provisions of article 420, no. 1, al. j) the Commercial Companies Code.

Within the scope of operating games of chance, the concerns and measures for fighting corruption, money laundering and terrorist financing take on particular significance.

In this battle, which should be fought by all, the Estoril Sol Group approved a Code of Compliance during 2017, applicable to its corporate bodies and all its employees as they perform their duties.

In order to ensure strict compliance of the principles, rules and norms established in this matter, the Estoril Sol Group appointed a Compliance Officer who has carried out a process of identifying risks and evaluating a strategy for improvement and awareness, intended for all resources, from a perspective and with the objective of “being fully compliant”.

The formalization of these rules, most of which were already in practice at the Estoril Sol Group, allowed for a careful and methodical systemization and a binding disclosure, with the general purpose of contributing to the creation of an organisational model that enables the identification, mitigation and, if possible, elimination of risks to which the Estoril Sol Group is exposed.

At its core, that task seeks to take the risks, most of which have been identified, and link them to the standards to which the Estoril Sol Group is subject (whether general or special, inherent to the particularities of the activities it carries out) and among these norms, those specifically related to the prevention and repression of corruption, money laundering and terrorist financing crimes.

According to the norms established, both nationally and internationally, and for the purpose of preventing gaming activities, and casinos in particular, from being used as the means for money laundering operations, the Estoril Sol Group has the duty, which it fulfils with the strictness incumbent on it, to communicate to the legal authorities the existence of operations that raise well-founded suspicions, and within the applicable legal framework.

The Code of Compliance imposes on company bodies and all Estoril Sol Group employees a set of obligations, among which we highlight the following:

- Duty to identify: The identity of customers in situations that are deemed suspect must be required, verified and recorded;
- Duty to refuse: The completion of any transactions in situations that are deemed suspect must be refused;
- Duty to communicate: The management body or designated person responsible must, at its own initiative, guarantee that any situation it considers irregular and that it becomes aware of or regarding which

it has suspicions is immediately communicated to the Attorney General of the Republic and the Financial Information Unit;

Duty to cooperate: the corporate governing bodies, as well as all Estoril Sol Group employees, must ensure their prompt and complete willingness to cooperate when requested by the Attorney General of the Republic and/or the Financial Information Unit within the scope of their responsibilities;

- Duty to maintain confidentiality: Criminal investigations must be considered bound to absolute confidentiality, and as such it is strictly forbidden to disclose to customers or third parties (specifically to those who transmitted the communications as legally required) that a criminal investigation is in progress;
- Duty to train: The Estoril Sol Group must adopt the necessary measures so that its employees, whose duties are especially significant for the purposes of preventing money laundering and terrorist financing, have the appropriate knowledge for the duties imposed by the legislation in effect and should organise specific and periodic training programmes adapted to the various sectors of activity;
- Duty to verify the issuance of cheques: Special measures must be adopted to take care in cases when payments by cheque are accepted, specifically in gaming rooms, taking precautions that these fulfil the legal requirements and are only used in situations that are specifically provided for by law.

In implementing the inherent measures – equipped with a Code of Compliance that is scrupulously followed, plus having appointed a Compliance Officer – the Estoril Sol Group has placed itself at the level of entities that, in an organised and diligent manner, ensure the fight against corruption, money laundering and terrorist financing.

In addition to a Compliance Code, the Estoril Sol Group has approved and widely disseminated a Code of Ethics and Professional Conduct.

The Code of Ethics and Professional Conduct embodies the principles of action and the mission of the Group Estoril Sol, constituting a guide for the daily action of everyone to whom it is addressed, so that they can guide their decisions, their behaviours, their actions and omissions in accordance with those that are recognized, are the principles and values of the Group Estoril Sol.

Specifically, this Code aims to:

- Establish standards of professional behaviour with regard to the Group's relations with its Employees, among themselves, between them with partners, customers, suppliers and other Interested Persons, internal or external, namely with public institutions and entities;
- Create mechanisms to prevent infringements and prohibited conduct or that, in some way, are worthy of censorship;
- Create the monitoring and control mechanisms that ensure the intended effectiveness of the entire content of this Code.

Along with the direct compliance with legal and regulatory standards, it is through the commitment to comply with this Code that each and every one assumes itself as an integral part of the Estoril Sol Group's identity, respecting and proclaiming the principles and values for this defended.

The non-observance of the rules contained in this Code of Ethics and Professional Conduct determines, for its Recipients, civil liability (contractual or non-contractual), criminal or administrative offense that may apply to the case, without prejudice to disciplinary or statutory liability in the case of non-compliance by Employees.

All Recipients have a duty to report, through the available channels, any violation of this Code of which they are aware, with the express guarantee that there will be no retaliation against anyone who, in good faith, reports abnormal conduct, using the procedures established for this purpose end.

Participations must be submitted in writing to the body responsible for monitoring and supervising this Code through the email address:

whistleblowing@estoril-sol.com or sent, by letter to Apartado 383, 2766-801 Estoril, being able to follow (or not) the formulary model available at **www.estorilsolsgps.com**

III – Internal Control and Risk Management

50. Individuals, bodies or committees responsible for internal audit and / or implementation of internal control systems

Estoril-Sol considers to be of great importance and relevance the implementation of internal control systems. This results, essentially, from the relevance of the sector in which operate the major subsidiaries of the Company. The companies of the Group, aiming to prevent and minimize the risk inherent to their economic activities, have specialised technical services of supervision and control, responsible for the strict fulfillment of the standards of physical safety of customers, employees and installations and also compliance with the legislation that regulates the Gaming activity in Portugal, and it should be pointed out that Portuguese Casinos are subject to the permanent supervision by the State through the Gambling Inspection Service of the Instituto de Turismo de Portugal I.P.

The management of economic and financial risk of the Company and its business associates is continuously monitored by the Board of Directors collaboration with the Operational Management, Security and CCTV Directors, and with the Planning and Control Department.

The board of Directors has been promoting the necessary and appropriate conditions to enable effective monitoring of the management of risks inherent in the Company and Subsidiaries Companies of Estoril-Sol Group, as well as the internal control system, and maintains regular monitoring on the work done.

The Audit Board evaluates the effectiveness of internal control and risk management systems.

51. Hierarchy/or functional relationships with other Company's Bodies

Please see answer to the previous point (Point 50) of this Report.

52. Other Functional Areas with Risk Control Competencies

Please see answer to the previous point (Point 50) of this Report.

53. Identification and Classification of Risks

Within the scope of its activity of managing of shareholdings, Estoril-Sol, as the holding company of the Estoril-Sol Group, assumes various kinds of risk that arise namely from the gaming concessions, these being the following: Business risks, Contractual risks, Physical risks, Financial and currency exchange risks.

Business Risk:

The associated companies Estoril Sol (III) – Turismo, Animação e Jogo, S.A. and Varzim Sol – Turismo, Jogo e Animação, S.A. operate gaming concessions in Casinos. In the last few years, this Sector of activity has been experiencing increased technological growth, particularly focused on slot machines, which requires the ongoing renewal of the product range. The Group's concessionaires systematically keep up with this growth, by visiting manufacturers, taking part in international specialty trade shows and regularly investing in new equipment under the close watch of the Board of Directors of Estoril-Sol.

Pursuant to the concession contracts, the Portuguese State grants concessionaires exclusive rights to gambling and operations of games of chance, in exchange for high initial payments and high annual tax rates. Nevertheless, the Portuguese State has proven to be unable to regulate its citizens' access to countless online casinos that abound today and which constitute a growing factor of unfair competition, both because they account for a significant increase in illicit supply and because they constitute a flagrant source of tax evasion.

Furthermore, the no less relevant fact that Decree-Law no. 275/2001 provides for the payment of minimum compensations, which were established on the basis of annual revenue growth at current prices, until the end of the concession, which in the current macroeconomic scenario of permanent crisis, leads to the annual counterpart deliveries amounting to more than 50% of gross revenue.

However, in view of the imbalance in the concession contracts that urgently needs to be regularized in favor of the Concessionaires, as well as the revenue from Tourism, we believe that the Portuguese Authorities will do everything to restore the necessary balance, and that this fact will be overcome. If this is not the case, the Concessionaires are taking legal action for this, in order to assert their rights.

Contractual Risks:

The companies of the Group, aiming to prevent and minimize the risk inherent to their economic activities, have specialized technical services of supervision and control, responsible for the strict fulfillment of the standards of physical safety of customers, employees and installations and also compliance with the legislation that regulates the Gaming activity in Portugal, and it should be pointed out that Portuguese Casinos are subject to the permanent supervision by the State through the Gambling Inspection Service of the Instituto do Turismo de Portugal I.P. Periodically, with the collaboration of an external entity, risk analyses are carried out on the procedures used and on the physical safety of the assets.

Concessions for operations in gambling and games of chance in the gaming areas of Estoril and Póvoa de Varzim are operated within the normative context of the contractual and legal framework of the corresponding concession contracts and of the specific legislation governing the sector of gaming activities at casinos, as they are subject to permanent inspection by the State, via the Serviço de Inspeção de Jogo do Turismo de Portugal, I.P..

The Estoril-Sol Group, through its subsidiaries, operates under the concession contracts, Póvoa Varzim permanent game concession area (until 2023), which includes the exploration of Casino da Póvoa, and the Estoril concession contract (until 2021), which includes Casino do Estoril and Casino de Lisboa. As of this date, the terms and conditions of the specifications relating to the public tender for the award of the new

game concession for Estoril are not yet known. The shareholder structure of Estoril-Sol (III), and the respective Board of Directors, remain expectant as to the launch of the public tender, and their intention is to compete for the new game concession for the permanent game zone of Estoril.

Estoril Sol is also present in the online business regulated by the “Legal Regime for Online Gambling and Betting (RJO)”, approved by Decree-Law No. 66/2015, holding the following licenses:

- online casino games license (license no. 3) issued by SRIJ (Portuguese Gaming Industry Regulator), valid until July 24th, 2022 after renewal for an additional period of 3 years, and renewable for periods of three years;
- online sports betting license (license nº8) issued on August 4th, 2017 and valid until August 3rd, 2023 after renewal for an additional period of 3 years, and renewable for periods of three years;

Physical Risks:

The Group’s Companies, which aim to prevent and minimize the risk inherent to its economic activities, have specialized technical surveillance services that are responsible for strict compliance with standards that govern the physical safety of clients, employees and facilities.

With cooperation from an external body, we periodically conduct risk analyses of instituted procedures and of the physical safety of assets, with the implementation of corrective actions for the risks identified.

Cybernetic risk:

Given the characteristics of the online gaming business, there is the risk of cyber attacks on the network and online platforms of the company that impact critical business information. In order to address this risk, a number of periodic audits are carried out, including security audits, intrusion tests and vulnerability assessments

Financial and Currency Exchange Risks:

The significant investments that the Group companies have made in the last few years as a result of the extension of concession contracts, with an initial payment pertaining to Lisbon Casino as well as investments which are regularly made for reasons pertaining to renewal, modernization and expansion of the Casinos, have involved increased indebtedness which, combined with the changes in market interest rates, resulted in increased financial costs and a potential liquidity risk.

Depending on the operating funds that are freed up, it is felt that the financial risk to which the associated undertakings are exposed is minimal, and the same understanding has prevailed in the examination carried out by financial institutions, as shown by the fact that assets guarantees are dispensed with for operations under contract.

Portuguese legislation forbids casino concessionaries from granting credit to gaming activities, and so, in this regard, Group Companies are not exposed to credit risk. Other revenue from restaurant and entertainment activities, which account for only 5.5% of revenue, therefore represents insignificant exposure.

Every medium-term operation is carried out in Euros, and a few imports with 30-day credit are exceptionally conducted in US Dollars, and so the Company has only minimal exchange rate exposure.

54. Description of the risk management processes, identification, assessment, monitoring, control and risk management

Please see answer to the previous point (Point 50) of this Report.

55. Description of the main features of risk management and internal control systems in relation to the preparation and disclosure of financial information

One of the main duties of the Board of Directors of Estoril-Sol together with the respective governing bodies from the major subsidiaries of the Company, is to ensure the right conditions for the preparation and disclosure of the Group Financial Information, while ensuring: reliability, transparency, consistency and accuracy of the financial information prepared and disclosed. Among the key elements of the internal control systems implemented by the Company related with the preparation and disclosure of financial information, we highlight the following:

- The individual financial statements and budget control are prepared on a monthly basis and approved in the Council of Directors ;
- - The heads of operating departments of subsidiaries are required to justify significant deviations from budgeted amounts on a monthly basis ;
- - The consolidated financial statements are prepared quarterly and approved by the Board of Directors;-
- The Statutory Auditor and External Auditor perform an annual audit and half year limited individual and consolidated financial statements ;
- - The Audit Board meets at least once every quarter, analyzes the individual and consolidated financial statements for the three and six months;
- - The Audit Board meets at least once every quarter, to examine and approve the annual and consolidated financial statements for the year
- ;- The annual report is prepared by the Finance Department , approved by the Board of Directors and the Audit Board , and its content is reviewed by the Statutory Auditors .

IV – Investor relations**56. Investor Relations Department**

The representative for market relations, whose contact details are in the following section should be contacted.

This service is responsible for supporting the investor, with the competence, in particular, of communicating to the market all information regarding results, events or any facts regarding Estoril-Sol that are of interest to the financial community, while also ensuring the provision of information and clarifications required by shareholders, investors and analysts. In this context, it is the service responsible for providing a complete, rigorous, transparent, efficient and available relationship with shareholders, investors and analysts, namely with regard to the disclosure of privileged information and mandatory information. It is also the service responsible for monitoring the evolution of the market and the shareholder base, and must collaborate with the commercial areas in the disclosure of institutional information and Estoril-Sol's activity.

57. Legal representative for Capital Market Relations

As at December 31st, 2020 the company representative for market relations was Mr. Luís Pedro Matos Lopes, whose contact details are:

Av. Clotilde, n.º 331
2765-237 Estoril
Tel. 214667873
Fax. 214667963
Email: relacao.investidor@estoril-sol.com

58. Information Requests

Being the information request so rare, the representative for market relations ensures a prompt answer to all requests for information that are formulated.

V – Website

59. Address

The Company has available to investors a place on the Internet (www.estoril-solsgps.com) through which discloses financial information relating to its individual and consolidated operations and commercial "links" to the "sites" of its associated companies, Estoril Sol (III) and Varzim Sol

60. Location of the information mentioned in Article 171 of the Commercial Companies Code

This information is available on the Internet site (www.estoril-solsgps.com), the following menu:
- Company identification.

61. Location where the Articles of Association, Bodies and Committees' Regulations can be found

This information is available on the Internet site (www.estoril-solsgps.com), the following menu:
- Company / Articles of Association.

62. Location where is provided information about the identity of the governing bodies, the representative for market relations, the Investor Relations Department, functions and means of access

This information is available on the Internet site (www.estoril-solsgps.com), the following menu:
- Company / Governing Bodies.

63. Location where is provided the documents of accounting and calendar of corporate events

This information is available on the Internet site (www.estoril-solsgps.com), the following menu:
– Financial Reports and Accounts.

64. Location where is provided the notice to General Meeting and all related information

This information is available on the Internet site (www.estoril-solsgps.com), the following menu:
- Disclosures / General Meetings.

65. Location where the historical archives are available with resolutions adopted at the Company's General, the represented share capital and the voting results, with reference to the previous 3 years

This information is available on the Internet site (www.estoril-solsgps.com), the following menu:
- Disclosures / General Meetings.

D – Remuneration**(Report For the Purposes of paragraph 8 of Article 245-C Securities Code)****I – Competence****66. Competence for determining the remuneration of Governing Bodies, Executive Directors and Company's persons discharging managerial responsibilities (“dirigentes”)**

Within the terms of Article 34 of the Articles of Association, the Remuneration Committee of the Estoril-Sol comprises three members (shareholders or not), elected by the General Meeting. The remuneration of the members of the corporate offices will be established by the Remuneration Committee, which shall consist of fixed amounts and/or percentages on profits from the fiscal year not occurring on distributions of reserves or on any non-distributable part of such profits, and, overall, such percentages may not exceed eleven percent for the Board of Directors and two percent for the Audit Board.

Similarly, it is for the Remuneration Committee establishing remuneration in cases where there is due and, members of the General Meeting.

67. Composition of the Remuneration Committee, identification of other individuals and entities hired to provide support and advisors statement of independence

Within the terms of Article 34 of the Articles of Association, the Remuneration Committee of the Estoril-Sol comprises three members (shareholders or not), elected by the General Meeting of 26th May 2017 for the years 2017 to 2020.

At December 31st, 2019, the Remuneration Committee comprises the following shareholders:

- Dr^a. Pansy Catilina Chiu King Ho;
- Dr. Jorge Armindo de Carvalho Teixeira;
- Dr. Calvin Ka Wing Chann.

68. Knowledge and Experience of the members of the Shareholders' Remuneration Committee

The experience and qualifications of the members of the Remuneration Committee are mirrored in the curricula, as points 19 and 26 above, this same report.

All members of the Remuneration Committee are simultaneously members of the Board of Directors of ESTORIL-SOL.

The company did not hire outside elements or organizations to provide support to the Remuneration Committee.

69. Description of the remuneration policy of the board of directors and the supervisory board, as provided for in article 2 of Law 28/2009, of 19 June

The remuneration policy of the management and supervisory bodies was subject to approval in the General Meeting of 29 June 2020. The proposal on the policy of remuneration was unanimously approved by those present (shareholders who owned 90,47% of the share capital were present or duly represented).

The text that was subject to shareholder approval in the said General Meeting, which was point 6 on the agenda, is transcribed below.

“The policy of remuneration, general criteria and guiding principles

The policy of remuneration of the members of the management and supervisory bodies of Estoril Sol, SGPS, S.A. seek to promote the long term alignment of the interests of the members of these bodies with the interests of the Company.

The principles to be observed in setting the remunerations are the following:

a) Functions performed

The functions actually performed by each of the members and the responsibilities that are associated to them in a substantive and not merely formal sense should be taken into consideration.

The appraisal of the functions effectively performed should be based on a variety of criteria including responsibility, experience required, technical requirements of the functions, availability, institutional representation, time dedicated, value added of certain kinds of intervention.

Within the framework of the assessment and classification of functions to establish remuneration, the functions performed in companies controlled by Estoril Sol SGPS, S.A. and any remuneration received from them are also analysed.

b) Economic situation of the Company

The economic situation of the Company should be taken into consideration, as well as the long-term interests and real growth of the Company and the creation of value for shareholders.

c) General market conditions for comparable situations

The setting of the remuneration of the members of the management and supervisory bodies of the Company should take into consideration the competitiveness of the framework of remuneration proposed. In fact, only within this framework is it possible to attract and retain competent professionals, with a level of performance appropriate to the complexity and responsibility of the duties assumed.

The setting of the remuneration of the members of the management and supervisory bodies should use the remuneration on offer in companies of the gaming sector and companies listed on the EuronextLisboa, of an equivalent size to that of Estoril Sol, SGPS, S.A. as a reference.

1. The concrete options for the remuneration policy that we submitted to the appreciation of the shareholders of the Company are the following:

1.1. Board of Directors

The remuneration of the remunerated members of the Board of Directors of Estoril Sol, SGPS, SA comprises a fixed amount paid 14 times per year.

1.2. Audit Board

The remuneration of the members of the Audit Board of Estoril Sol, SGPS, SA also comprises a fixed amount established in accordance with the normal market practice and prices for this type of service, paid 14 times per year.

1.3. Statutory Auditor

The Statutory Auditor of the Company has an annual remuneration that is also fixed, established in accordance with the normal market level of fees for this type of service.

The Remuneration Committee”

70. Remuneration of the Board of Directors

The structure of the Board of Directors remuneration and basis for determining it are those contained in the remuneration policy approved at the General Meeting of June 29th, 2020 and transcribed in the previous point (Point 69) of this report.

71. Variable Remuneration of the Board members

The remuneration of the executive directors may include, but this has not been the case, a variable component, within the terms of Article 34 of the Articles of Association of the Company. The variable component depends on the desire manifested in the General Meeting by the shareholders.

In any case, it is important to clarify (i) that the attribution of a variable remuneration is dependent on the will that, in this sense, be manifested by the shareholders gathered at the General Meeting and (ii) that the attribution of variable base remunerations has not been applied.

72. Deferred payment of the remuneration’s variable component

Not applicable in the case of the Company, please see answer provided in the previous point (Point 71) of this Report.

73. Criteria that underlie the allocation of variable remuneration in shares and their maintenance

The remuneration of the members of the corporate offices, in accordance with Article 34 of the Articles of Association, will be established by the Remuneration Committee, which shall consist of fixed amounts and/or percentages on profits from the fiscal year not occurring on distributions of reserves or on any non-distributable part of such profits, and, overall, such percentages may not exceed eleven percent for the Board of Directors and two percent for the Audit Board.

74. Criteria that underlie the allocation of variable remuneration in options

Not applicable in the case of the Company, please see answer provided in the previous point (Point 73) of this Report

75. Main parameters and reasoning concerning annual bonuses and any other non-cash benefits

The parameters and reasoning concerning annual bonuses are foreseen in the remuneration policy, approved at the General Meeting of June 29th, 2020, detailed in point 69 of this same report, as below.

- a) The functions performed;
- b) The economic situation of the Company
- c) General market conditions for comparable situations

76. Main characteristics of complementary pension or early retirement schemes for the Administrators

By the Articles of Association approved in the General Meeting of 29 May 1998, Estoril Sol, SGPS, SA again confirmed, in article 36, the right to a retirement pension paid by the company to the former directors who had already retired, based on the previous article 25 of the Articles of Association that were then altered, and the same rights and benefits as those of directors, in office at that time, who had or would have then completed ten years of service – after entering retirement - rights and benefits to be regulated in a contract to be agreed between the Company and these directors.

Besides the pensions that arise from commitments assumed with retired directors, with regard to the others, accounting principles require provisions to be set up, notwithstanding the fact that this is not a constituted right, whether this be definitive or provisional. On this basis, Estoril Sol, based on an actuarial study updated each year, has reflected a provision in its accounts which on 31 December 2020 was 790.153 Euros, equal to the liabilities assumed in the case of the directors who had already retired, who receive an annual retirement pension broken down individually as follows: José Teodoro Telles 52.374 Euros. An identical provision is set up for 2.611.000 Euros to cover the future retirement pensions already contracted with Mário Assis Ferreira, Patrick Huen, Ambrose So and Man Hin Choi, who, when they retire, will receive an annual pension amount equivalent to that of the retired directors mentioned above.

Among do companies of the Group, the following pension rights of some Directors were reinforced, resulting from the execution of the retirement insurance policies taken out for the purpose: - Calvin ka Wing Chann 162.745 Euros

IV – Disclosure of remuneration

77. Indication of the annual remuneration earned, in aggregate and individual amount, by the Company's members of the Board of Directors

The members of the Board of Directors only received fixed remuneration in 2020, for the global amount of 105.000 Euros, broken down as follows:

Member	Office	Fixed Remuneration	Variable Remuneration	Total
Pansy Catilina Chiu King Ho	Member of Board of Directors	49 187,50	0,00	49 187,50
Jorge Armindo de Carvalho Teixeira	Member of Board of Directors	49 187,50	0,00	49 187,50
			TOTAL (€)	98 375,00

78. Any amounts paid by other companies in a control or group or that they are subject to the same domain as that of the Company

The members who comprise the boards of various operational companies of the Estoril Sol Group received overall remunerations paid by other companies in a control or group relationship amounting to a total of 2.201.184,93 Euros, broken down individually as follows:

Member	Office	Fixed Remuneration	Variable Remuneration	Total
Mário Alberto Neves Assis Ferreira	Chairman of the Board of Directors	374 361,93	0,00	374 361,93
Man Hin Choi	Board of Directors	232 104,44	0,00	232 104,44
Pansy Catilina Chiu King Ho	Board of Directors	48 635,42	0,00	48 635,42
António José de Melo Vieira Coelho	Board of Directors	374 361,93	0,00	374 361,93
Vasco Esteves Fraga	Board of Directors	374 361,93	0,00	374 361,93
Calvin Ka Wing Chann	Board of Directors	374 361,93	0,00	374 361,93
Miguel António Dias Urbano de Magalhães Queiroz	Board of Directors	374 361,93	0,00	374 361,93
Jorge Armindo de Carvalho Teixeira	Board of Directors	48 635,42	0,00	48 635,42
			TOTAL (€)	2 201 184,93

Among do companies of the Group, the following pension rights of some Directors were reinforced, resulting from the execution of the retirement insurance policies taken out for the purpose: - Calvin Ka Wing Chann 162.745 Euros

79. Compensation paid in the form of profit sharing and/or bonus payments

It has not been paid by the Company to members of the Governing Bodies any remuneration on profit sharing or bonuses.

80. Compensation paid or owed to former executive directors following loss of office

It has not been paid by the Company to former executive directors any compensation following loss of office.

81. Remuneration of the Statutory Audit Board

The members of the Audit Board only received fixed remuneration in 2020, for the global 56.000 Euros, broken down as follows:

Manuel Maria Reis Boto 21.000 Euros;
Vitor Pratas Sevilhano 14.000 Euros;
Paulo Ferreira Alves 14.000 Euros;
Lisete Sofia Pinto Cardoso 7.000 Euros.

In 2020, the said Statutory Auditor earned 123.000 Euros for the services provided exclusively to Estoril-Sol, S.P.G.S., S.A..

82. Remuneration of the Chairman of the Board of the Shareholders' General Meeting

The annual remuneration of the Chairman of the Board of the Shareholders' General Meeting is € 5000 Euros, was set by the Remuneration Committee as Act No. 24 of June 6, 2007.

V – Agreements with remuneration implications

83. Contractual limitations on compensations to be paid upon to director's dismissal without due cause and its relation with the variable component of the remuneration

There are no agreements in place that establish amounts to be paid in case of dismissal without due cause, without prejudice to the applicable legal provisions.

84. Reference to the existence and description, stating the sums involved, of the agreements between the company and members of the Board of Directors, providing for compensation in case of dismissal without due cause or termination of the employment relationship, following a change of control of the Company

There are no agreements made between the company and members of the Board of Directors, that provide for compensation in cases of dismissal, unfair dismissal or termination of employment following a change in Company control.

VI – Share attribution plans or stock options

85. Identification of the plan and recipients

There are no share attribution plans or stocks options within the Company.

86. Plan Features

Not applicable. See previous point (85)

87. Option rights granted to acquire shares (“stock options”) where the beneficiaries are company employees

Not applicable. See previous point (85)

88. Control mechanisms in any system of employee participation in the capital

Until 31st December, 2020 it has not been foreseen any system of employee participation in the Company's Capital

E – Relevant transactions with related parties

I – Mechanisms and control procedures

89. Mechanisms for monitoring transactions with related parties

During 2020, no business was conducted between the company and the members of its administrative and supervisory bodies, holders of qualifying holdings or companies that are controlled by or grouped under the Company.

90. Transactions subjected to control during 2020

Please see answer to previous point (89)

91. Description of the procedures and criteria for intervention of the Statutory Audit Board for the purpose of preliminary assessment of the business carried out between the Company and holders of qualified shareholdings or entities that are in a relation with them, under the terms of article 20 of the Portuguese Securities Code

During 2020 no business was conducted between the company and holders of qualifying holdings or entities that are in any group or control relationship with them, within the terms of Article 20 of the SC.

There have been no material business with holders of qualifying holdings or entities that are in a relationship with them. For that reason there was not the need to obtain a prior opinion of the Audit Board for this purpose. With regard to the procedures and criteria required to define the relevant level of significance of these deals and other conditions for intervention, taking into account the specificities of Estoril-Sol, namely its shareholder structure, there was not until now the formalization of these procedures and conditions, nevertheless all business of the company, regardless of its relevance, take the necessary safeguard of all Estoril-Sol shareholders' interests.

II – Elements related to transactions**92. Information on transactions with related parties**

The relevant information about the business with related parties can be found in note 15 of the Notes to the separate accounts of the Company, available on the Company website (www.estoril-solsgps.com) and also on the official website of the Committee on Securities Market (www.cmvm.pt).

PART II – STATEMENT OF COMPLIANCE

This Corporate Governance Report presents the description of the corporate governance structure in force at Estoril-Sol, also presenting the policies and practices whose adoption, under the validity of this model, is necessary and appropriate to ensure governance aligned with the best practices in this field.

1 . Identification of the adopted Corporate Governance Code

Estoril-Sol ensure that the governance report is presented in compliance with the legal requirements of article 245-A of the CVM and discloses, in the light of the principle comply or explain, the degree of compliance with the IPCG Recommendations included in the Code IPCG Corporate Governance Report 2018 (revised in 2020), model that is adopted here by Estoril-Sol

Estoril-Sol, in addition to adopting the 2018 Corporate Governance model of the IPCG, observed the Notes on the interpretation of the same (Note No. 1 of May 2018) and Note No. 2 of January 2020) elements that are available in different versions at <https://cgov.pt>, namely at:

<https://cgov.pt/base-de-dados/codigos-de-governo>

The information and disclosure duties required by law and by the various CMVM guidelines and recommendations are also fulfilled. This Corporate Governance Report must be assessed as an integral part of the Estoril-Sol accounts documents reported for the 2020 fiscal year, as well as its Sustainability Report.

2 Analysis of compliance with the adopted Corporate Governance Code

The integrated and effective management of the Estoril-Sol Group is a purpose of the Board of Directors of Estoril-Sol, which, encouraging transparency in the relationship with investors and the market, has guided its performance through the permanent search for value creation, in promotion of the legitimate interests of shareholders, employees and other stakeholders. In this perspective, Estoril-Sol has been encouraging and promoting all actions aimed at adopting the best Corporate Governance practices, basing its policy on high ethical standards of social and environmental responsibility and with decisions increasingly based on criteria of sustainability.

For the purposes of complying with the provisions of paragraph o) of paragraph 1 of article 245-A of the CVM (Securities Code), the following are listed the Recommendations of the IPCG 2018 Corporate Governance Code, which the Company has complied with , with express indication of those that are adopted by Estoril-Sol and those that are not, together with the point in the Report where they are treated.

Without prejudice, it is noted that the consideration of the recommendations and the assessment of the respective compliance, in light of the aforementioned principle of comply or explain, cannot fail to take into account the specificities of the structure and organization of Estoril-Sol and, in that To this extent, it cannot fail to deserve a special reflection on the suitability and relevance of each recommendation to its reality and circumstances.

Chapter I – General Provisions

I.1. Company's relationship with investors and disclosure

Recommendation I.1.1: The Company should establish mechanisms to ensure, in a suitable and rigorous form, the production, management and timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, financial analysts, and to the markets in general.

Recommendation	Comments
Adopted	Report: 49, 56 a 65

I.2. Diversity in the composition and functioning of the company's governing bodies

Recommendation I.2.1. Companies should establish standards and requirements regarding the profile of new members of their governing bodies, which are suitable according to the roles to be carried out. Besides individual attributes (such as competence, independence, integrity, availability, and experience), these profiles should take into consideration general diversity requirements, with particular attention to gender diversity, which may contribute to a better performance of the governing body and to the balance of its composition.

Recommendation	Comments
Adopted	<p>Report: 16 a 19, 24, 25</p> <p>As a result of the curricular analysis of the members of the Company's Governing Bodies, the complementarity of training and experience is guaranteed, given the specificity of the activities carried out by the group of companies that make up the Estoril Sol Group.</p> <p>As for the issues of gender diversity as well as "Equality between Women and Men and Non-Discrimination", Estoril Sol, SGPS, SA appointed Ms. Pansy Ho as Chairman of the Board of Directors at the General Meeting of June 29, 2020 . Also in 2020, Ms. Maisy Ho was appointed to the position of Member of the Board of Directors. It is expected that in the next election of Governing Bodies, predictably in 2021, the company will take even more significant steps towards the fulfillment of gender quotas, in accordance with the legal provisions on "Equality between Women and Men and Non-Discrimination</p>

Recommendation I.2.2. The company's managing and supervisory boards, as well as their committees, should have internal regulations — namely regulating the performance of their duties, their Chairmanship, periodicity of meetings, their functioning and the duties of their members —, and detailed minutes of the meetings of each of these bodies should be carried out.

Recommendation	Comments
Adopted	Report: 15 a 17, 22, 23, 37, 38

Recommendation I.2.3. The composition, the number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website.

Recommendation	Comments
Adopted	Report: 23, 30 to 36

Recommendation I.2.4. A policy for the communication of irregularities (whistleblowing) should be adopted that guarantees the suitable means of communication and treatment of those irregularities, with the safeguarding of the confidentiality of the information transmitted and the identity of its provider, whenever such confidentiality is requested.

Recommendation	Observações
Adopted	Report: 49 Estoril Sol, widely approved and disseminated a Code of Ethics and Professional Conduct., A policy for communicating irregularities was established and adopted within the scope of the

I.3. Relationships between the company bodies

Recommendation I.3.1. The bylaws, or other equivalent means adopted by the company, should establish mechanisms that, within the limits of applicable laws, permanently ensure the members of the managing and supervisory boards are provided with access to all the information and company's collaborators, in order to appraise the performance, current situation and perspectives for further developments of the company, namely including minutes, documents supporting decisions that have been taken, calls for meetings, and the archive of the meetings of the managing board, without impairing the access to any other documents or people that may be requested for

Recommendation	Comments
Adopted	Report: 23, 50 a 55 Although with preferential access by the respective administrative areas, due to their specialization and information specificities, the elements indicated are available, or can be made available on request, without any reservations, to all members of the governing bodies.

Recommendation I.3.2. Each of the company's boards and committees should ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, necessary for the exercise of the competences, determined by law and the bylaws, of each of the remaining boards and committees.

Recommendation	Comments
Adopted	Report: 24, 35 See also recommendation I.3.1.

I.4. Conflicts of interest

Recommendation I.4.1. The members of the managing and supervisory boards and the internal committees are bounded, by internal regulation or equivalent, to inform the respective board or committee whenever there are facts that may constitute or give rise to a conflict between their interests and the company's interest.

Recommendation	Comments
Adopted	Report: 20, 32 Without prejudice to the legal and regulatory duties that, in this regard, the members of the corporate bodies are responsible, there is a general duty and commitment of transparency and good faith that leads the Company to take for good the information provided by the said members, both in quantity and in quality. .

Recommendation I.4.2. Procedures should be adopted to guarantee that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and other clarifications that the board, the committee or their respective members may request.

Recommendation	Comments
Adopted	To this date, no conflict situation has arisen that could justify the recommended adoption of procedures. Non interference in the decision making process would, from the outset, be ensured by the application of the legal rules preventing voting. In the proposals submitted to the General Meeting for election of Governing Bodies, it being apparent that there might be a conflict of interest with any of its members, it was expressly authorized to exercise any positions in companies directly or indirectly participated by the proposing companies, without defining any restriction of access to sensitive information by the members of the Governing Bodies in this situation.

I.5. Related party transactions

Recomendação I.5.1. The managing body should disclose in the corporate governance report or by other means publicly available the internal procedure for verifying transactions with related parties.

Recommendation	Comments
Not applicable	The Company is unaware of the existence of significant commercial relations between the holders of qualifying holdings and the Company, as referred to in Point 10 of this Report

Recommendation I.5.2. The managing body should report to the supervisory body the results of the internal procedure for verifying transactions with related parties, including the transactions under analysis, at least every six months.

Recommendation	Comments
Adopted	The board of directors reports to the audit board the transactions with related parties at the same time as the interim financial report, semester and the annual financial report.

Chapter II – SHAREHOLDERS AND GENERAL MEETINGS

Recommendation II.1. The company should not set an excessively high number of shares to confer voting rights, and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote.

Recommendation	Comments
Not adopted	<p>Report: 12 , 13</p> <p>Under the terms of the same 10, no. 3 of the Estoril Sol Articles of Association, one hundred shares correspond to one vote. Shareholders with a number of shares lower than that conferring voting rights may be grouped in such a way as to complete the number required for the exercise of voting rights (one vote for every hundred shares) and be represented by one of the grouped (Article 10, paragraph 4 of the Articles of Association).</p> <p>This is a statutory matter that the shareholders understood not to modify.</p>

Recommendation II.2. The company should not adopt mechanisms that make decision making by its shareholders (resolutions) more difficult, specifically, by setting a quorum higher than that established by law.

Recommendation	Comments
Not adopted	In matters considered especially relevant - namely the election of bodies admittedly very close to the Board of Directors - and in view of the strategic nature of the economic activity developed by the Estoril Sol Group, Article 13, paragraph 3 of the Articles of Association impose qualified majority shareholders to take decisions, either on the first or second call (see point 14 of the Report)

Recommendation II.3. The company should implement adequate means for the remote participation by shareholders in the general meeting, which should be proportionate to its size.

Recommendation	Comments
Not Adopted	Report: 12 Voting by correspondence is permitted, but the possibility of voting by electronic means is not expressly provided for.

Recommendation II.4. The company should also implement adequate means for the exercise of remote voting, including by correspondence and electronic means.

Recommendation	Comments
Not Adopted	No solution has yet been implemented in this regard.

Recommendation II.5. The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years, the amendment or maintenance of this rule will be subject to a shareholder resolution — without increased quorum in comparison to the legally established — and in that resolution, all votes cast will be counted without observation of the imposed limits.

Recommendation	Comments
Not applicable	Report: 5 To this date, no defensive measures have been adopted.

Recommendation II.6. The company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control or the change in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body.

Recommendation	Comments
Adopted	Report: 2, 4 a 6 Without prejudice to the statutory restrictions on the transferability and ownership of shares, no measures were adopted with the nature of those described in the Recommendation.

Chapter III – NON-EXECUTIVE MANAGEMENT, MONITORING AND SUPERVISION

Recommendation III.1. Without prejudice to question the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator (lead independent director), from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary condition sand means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1.

Recommendation	Comments
Not Adopted	A lead independent director has not been appointed.

Recommendation III.2. The number of non-executive members in the managing body, as well as the number of members of the supervisory body and the number of the members of the committee for financial matters should be suitable for the size of the company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed. The formation of such suitability judgment should be included in the corporate governance report.

Recommendation	Comments
Not Adopted	<p>Report: 17, 31</p> <p>In view of the characteristics, shareholder structure and dimension of Estoril Sol, it considers the adequacy of the number of elements of the management and supervisory body to be ensured.</p> <p>The Board of Directors, with a collegial structure and jointly and severally responsible for the decisions it adopts, and a supervisory structure composed of a Audit Board and a Statutory Auditor who is not a member of the Audit Board, under the terms of paragraph b) of paragraph 1 of Article 413 of the CSC.</p>

Recommendation III.3. In any case, the number of non-executive directors should be higher than the number of executive directors.

Recommendation	Comments
Not adopted	The Board of Directors, with a collegial structure and jointly and severally responsible for the decisions it adopts, and a supervisory structure composed of a Audit Board and a Statutory Auditor who is not a member of the Audit Board, under the terms of paragraph b) of paragraph 1 of Article 413 of the CSC.

Recommendation III.4. Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to:

- i. having carried out functions in any of the company's bodies for more than twelve years, either on a consecutive or non-consecutive basis;
- ii. having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years;
- iii. having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person;
- iv. having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties;
- v. having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings, or
- vi. having been a qualified holder or representative of a shareholder of qualifying holding.

Recommendation	Comments
Not Adopted	Taking into account, essentially, and on the one hand, the shareholding structure of the company and, on the other hand, the specificity of the economic activity indirectly developed by Socieda-de, which has privileged the progression of the company's staff and of the Group's companies to the management of this company, no independent member of the Board is identified in the management, in the light of the aforementioned criteria.

Recommendation III.5. The provisions of (i) of recommendation III.4 does not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the company's bodies and the new appointment, a period of 3 years has elapsed (cooling-off period)..

Recommendation	Comments
Not Applicable	Cfr. See recommendation III.4.

Recommendations III.6. he supervisory body, in observance of the powers conferred to it by law, should assess and give its opinion on the strategic lines and the risk policy prior to its final approval by the management body.

Recommendation	Comments
Adopted	Report: 18, 24, 37, 38

Recommendation III.7. Companies should have specialised committees, separately or cumulatively, on matters related to corporate governance, appointments, and performance assessment. In the event that the remuneration committee provided for in article 399 of the Commercial Companies Code has been created and should this not be prohibited by law, this recommendation may be fulfilled by conferring competence on such committee in the aforementioned matters.

Recommendation	Comments
Not applicable	Report: 28, 67, 68 There is a Remuneration Committee. In view of the size and complexity of Estoril Sol, it is understood that the creation of other specialized internal commissions is not justified.

Chapter IV – EXECUTIVE MANAGEMENT

Recommendation IV.1. The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors and how these are to carry out their executive functions in entities outside of the group.

Recommendation	Comments
Not applicable	Report: 18 The Board of Directors, with a collegial structure and jointly and severally responsible for the decisions it adopts, and a supervisory structure composed of a Audit Board and a Statutory Auditor who is not a member of the Audit Board, under the terms of paragraph b) of paragraph 1 of Article 413 of the CSC.

Recommendation IV.2. The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards:

- i. the definition of the strategy and main policies of the company;
- ii. the organisation and coordination of the business structure;
- iii. matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics.

Recommendation	Comments
Adopted	Report: 16 The Board of Directors ensures that it acts in accordance with the objectives and social interests, and has not delegated powers in the context of the matters indicated. The approval and entry into force of a Code of Conduct and a Sustainability Code show a transversal concern with a performance consistent with the principles defended.

Recommendation IV.3. In the annual report, the managing body explains in what terms the strategy and the main policies defined seek to ensure the long-term success of the company and which are the main contributions resulting therein for the community at large.

Recommendation	Comments
Adopted	Report: 50 to 53

Chapter V – EVALUATION OF PERFORMANCE, REMUNERATION AND APPOINTMENT

V.1. Annual evaluation of performance

V.1.1. The managing body should annually evaluate its performance as well as the performance of its committees and delegated directors, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.

Recommendation	Comments
Not applicable	<p>Report: 18, 24, 25</p> <p>The Board of Directors, with a collegial structure and jointly and severally responsible for the decisions it adopts, and a supervisory structure composed of a Audit Board and a Statutory Auditor who is not a member of the Audit Board, under the terms of paragraph b) of paragraph 1 of Article 413 of the CSC.</p> <p>The Board of Directors makes an annual assessment of its performance, namely with regard to the discussion and report related to the end of each financial year and projection / budgeting for the following financial year.</p>

V.2. Remuneration

V.2.1. The company should create a remuneration committee, the composition of which should ensure its independence from the management, which may be the remuneration committee appointed under the terms of article 399 of the Commercial Companies Code.

Cumprimento	Observações
Parcial Adopted	<p>Report: 66 to 68</p> <p>Remuneration setting is the responsibility of the Remuneration Committee.</p> <p>All members of the Remuneration Committee are members of the Board of Directors. Without prejudice, Estoril Sol understands that the rigor of the members of its Remuneration Committee is not compromised, since they are elected by the General Meeting, have recognized know-how and experience in matters of remuneration policy and, over the years, successive members have performed their duties with total impartiality, transparency and objectivity in accordance with the applicable remuneration criteria.</p>

V.2.2. The remuneration should be set by the remuneration committee or the general meeting, on a proposal from that committee.

Recommendation	Comments
Partially Adopted	<p>Report: 66 to 68</p> <p>Remuneration setting is the responsibility of the Remuneration Committee.</p> <p>All members of the Remuneration Committee are members of the Board of Directors. Without prejudice, Estoril Sol understands that the rigor of the members of its Remuneration Committee is not compromised, since they are elected by the General Meeting, have recognized know-how and experience in matters of remuneration policy and, over the years, successive members have performed their duties with total impartiality, transparency and objectivity in accordance with the applicable remuneration criteria</p>

V.2.3. For each term of office, the remuneration committee or the general meeting, on a proposal from that committee, should also approve the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office. The said situation as well as the amounts should be disclosed in the corporate governance report or in the remuneration report.

Recommendation	Comments
Partially Adopted	<p>Report: 66, 67, 69 a 88</p> <p>Since the beginning of its mandate, the Remuneration Committee has adhered to the Remuneration Policy in force, whether for fixed or variable components, or for the policy of supplementary pension schemes or early retirement.----</p>

V.2.4. In order to provide information or clarifications to shareholders, the chair or, in case of his/her impediment, another member of the remuneration committee should be present at the annual general meeting, as well as at any other, whenever the respective agenda includes a matter linked with the remuneration of the members of the company's boards and committees or, if such presence has been requested by the shareholders..

Recommendation	Comments
Adopted	<p>This presence will be ensured, if and to the extent that the topics on the Agenda justify it and such presence is required by shareholders.</p>

V.2.5. Within the company's budgetary limitations, the remuneration committee should be able to decide, freely, on the hiring, by the company, of necessary or convenient consulting services to carry out the committee's duties.

Recommendation	Comments
Adopted	<p>Report: 67</p> <p>The Remuneration Setting Committee may freely decide to hire the necessary or convenient consultancy services for the exercise of its functions, if it deems it necessary or convenient. Without prejudice, the company is not aware that these services have been contracted.</p>

V.2.6. The remuneration committee should ensure that those services are provided independently and that the respective providers do not provide other services to the company, or to others in controlling or group relationship, without the express authorization of the committee.

Recommendation	Comments
Adopted	Report: 67

V.2.7. Taking into account the alignment of interests between the company and the executive directors, a part of their remuneration should be of a variable nature, reflecting the sustained performance of the company, and not stimulating the assumption of excessive risks.

Recommendation	Comments
Adopted	The Board of Directors, with a collegial structure and jointly and severally responsible for the decisions it adopts. Although it is admitted that the General Meeting may decide to assign a variable component of remuneration to the members of the Board of Directors (see Report: 69, 71 - art. 34 of the Articles of Association, 73), it has not been verified the attribution of variable remuneration

V.2.8. A significant part of the variable component should be partially deferred in time, for a period of no less than three years, being necessarily connected to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation.

Recommendation	Comments
Not applicable	Recommendation V.2.7

V.2.9. When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred in time for a period of no less than three years.

Recommendation	Comments
Not applicable	Recommendation V.2.7

V.2.10. The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value.

Recommendation	Comments
Not applicable	Recommendation V.2.7 The Board of Directors, with a collegial structure and jointly and severally responsible for the decisions it adopts.

V.3.Appointments

V.3.1. The company should, in terms that it considers suitable, but in a demonstrable form, promote that proposals for the appointment of the members of the company's governing bodies are accompanied by a justification in regard to the suitability of the profile, the skills and the curriculum vitae to the duties to be carried out.

Recommendation	Comments
Adopted	Report: 19, 26 As already mentioned, the Company has privileged the progression of staff of the company and of the Group companies to integrate the Board of Directors, duly justified and with demonstration of adequacy of profile, knowledge and curricular experience. The supervisory body is essentially proposed for its demonstrated experience, especially considering the specificities of the activity indirectly performed by the Company. This demonstration is made by the personal knowledge of those responsible for the proposals and, as well, by the availability of the curricula of the members of the corporate bodies.

V.3.2. The overview and support to the appointment of members of senior management should be attributed to a nomination committee, unless this is not justified by the company's size.

Recommendation	Comments
Adopted	Estoril Sol's size does not justify the attribution of specialized skills to a remuneration committee.

V.3.3. This nomination committee includes a majority of non-executive, independent members..

Recommendation	Comments
Not applicable	Cfr. See recommendation V.3.2.

V.3.4. The nomination committee should make its terms of reference available, and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity.

Recommendation	Comments
Not applicable	Cfr. See recommendation V.3.2.

Chapter VI – RISK MANAGEMENT

VI.1. The managing body should debate and approve the company's strategic plan and risk policy, which should include the establishment of limits on risk-taking.

Recommendation	Comments
Adopted	Report: 50 to 55

VI.2. The supervisory board should be internally organised, implementing mechanisms and procedures of periodic control that seek to guarantee that risks which are effectively incurred by the company are consistent with the company's objectives, as set by the managing body.

Recommendation	Comments
Adopted	Report: 23, 50 to 55 The Audit Board supervises and monitors compliance with the law and the Company's articles of association, ensuring the recommended supervision within the scope of its powers and presenting the suggestions and proposals it deems convenient; as a rule, these references are included in the annual report and opinion.

VI.3. The internal control systems, comprising the functions of risk management, compliance, and internal audit should be structured in terms adequate to the size of the company and the complexity of the inherent risks of the company's activity. The supervisory body should evaluate them and, within its competence to supervise the effectiveness of this system, propose adjustments where they are deemed to be necessary.

Recommendation	Comments
Adopted	Report: 50 a 55

VI.4. The supervisory body should provide its view on the work plans and resources allocated to the services of the internal control system, including the risk management, compliance and internal audit functions, and may propose the adjustments deemed to be necessary.

Recommendation	Observações
Adopted	Report: 38, 50

VI.5. The supervisory body should be the recipient of the reports prepared by the internal control services, including the risk management functions, compliance and internal audit, at least regarding matters related to the approval of accounts, the identification and resolution of conflicts of interest, and the detection of potential irregularities.

Recommendation	Observações
Adopted	Report: 38, 50 Recommendation I.2.4

VI.6. Based on its risk policy, the company should establish a risk management function, identifying (i) the main risks it is subject to in carrying out its activity; (ii) the probability of occurrence of those risks and their respective impact; (iii) the devices and measures to adopt towards their mitigation; and (iv) the monitoring procedures, aiming at their accompaniment..

Recommendation	Observações
Adopted	Report: 50 to 55

VI.7. The company should establish procedures for the supervision, periodic evaluation, and adjustment of the internal control system, including an annual evaluation of the level of internal compliance and the performance of that system, as well as the perspectives for amendments of the risk structure previously defined.

Recommendation	Observações
Adopted	Report: 24, 25 The management body makes an annual assessment, namely regarding the discussion and report related to the end of each year and the projection / budgeting of the following year.

Chapter VII – FINANCIAL STATEMENTS AND ACCOUNTING

VII.1 Financial Information

VII.1.1. The supervisory body's internal regulation should impose the obligation to supervise the suitability of the preparation process and the disclosure of financial information by the managing body, including suitable accounting policies, estimates, judgments, relevant disclosure and its consistent application between financial years, in a duly documented and communicated form..

Recommendation	Comments
Adopted	Report: 38, 50 to 55 These attributions are part of the legal and statutory powers of the supervisory body, with no express provision for them in the regulations of that corporate body..

VII.2 Statutory audit of accounts and supervision

VII.2.1. By internal regulations, the supervisory body should define, according to the applicable legal regime, the monitoring procedures aimed at ensuring the independence of the statutory audit.

Recommendations	Comments
Adopted	Report: 38, 45 The Audit Board is responsible for supervising the activity and independence of the Statutory Auditor and the External Auditor. These are the powers of the supervisory body, with no express provision for them in internal regulations.

VII.2.2. The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports, having the powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company.

Recommendation	Comments
Adopted	Report: 38, 45 The Audit Board is the first recipient of all information produced by the Statutory Auditor and the External Auditor.

VII.2.3. The supervisory body should annually assess the services provided by the statutory auditor, their independence and their suitability in carrying out their functions, and propose their dismissal or the termination of their service contract by the competent body when this is justified for due cause.

Recommendation	Comments
Adopted	Report: 38, 45 The Audit Board carries out an annual assessment of the work performed, independence and suitability for exercising the functions of the Statutory Auditor and the External Auditor.

3 Other information

The Company complies with most of the recommendations of governance of the Code of Governance adopted. Despite the reformulation operated by the CMVM, in particular the entry into force of Regulation No. 4/2013 and all related documentation - the CMVM Code adopted by Estoril-Sol, still contains many aspects that are directed to issuers of shares admitted to trading on a regulated market whose size, social purpose, and especially the degree of dispersion of the capital market does not correspond to concrete and stable characteristics of Estoril-Sol.

In fact, and in particular the circumstance of the free-float (capital dispersed on the market) being around 6.93 % of the share capital, necessarily has consequences in terms of the concrete appropriateness of the Company's model of governance, justifying the inappropriateness of the adoption or application of some recommendations of the Code of Governance divulged by the CMVM and adopted by Estoril-Sol which consider and use as a reference public companies with very different characteristics for those of Estoril-Sol.

The net profit for the financial year 2020 was negative by 20,3 million Euros, and compares with the positive net result of 9,9 million Euros recorded in the previous year. This contraction in the company's results is essentially due to the losses imputed by the territorial-based gaming subsidiaries, Estoril-Sol (III) and Varzim-Sol, which saw their results being negatively impacted by the effects of the adoption of restrictive measures with the purpose to control and contain the Covid-19 Pandemic. The improvement in the contribution from online results was not enough to offset the additional losses from Estoril Sol Group territorial operations.

In this context and under the terms of the legal and statutory provisions, the Board of Directors of Estoril-Sol, SGPS, S.A. proposes:

- a) That the Net profit for the Year 2020, calculated based on the separate financial statements, negative in the amount of 20.328.108 Euros, is transferred to Retained Earnings.

Estoril, 28th of April 2021

The Board of Directors

- Chairman
- Pansy Catilina Chiu King Ho

- Vice-Chairmen
- Mário Alberto Neves Assis Ferreira

- Patrick Wing Ming Huen

- Directors
- Ambrose Shu Fai So

- Maisy Chiu Ha Ho

- Man Hin Choi

- António José de Melo Vieira Coelho

- Vasco Esteves Fraga

- Jorge Armindo de Carvalho Teixeira

- Calvin Ka Wing Chann

- Miguel António Dias Urbano de Magalhães Queiroz



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INFORMATION TO BE PROVIDED PURSUANT
TO ARTICLE 447, N°5 OF THE COMMERCIAL COMPANIES CODE



Information regarding the securities issued by ESTORIL-SOL, SGPS, S.A., and by companies with which the Company is in controlling or group relationship, which are owned by the members of the Corporate Offices of the Company on 31st December 2020.

	Nr shares 31.12.19	Date	Value (€/share)	Nr shares purchased	Nr shares sold	Nr shares 31.12.20
Board of Directors						
Pansy Catilina Chiu King Ho	0	-	-	-	-	0
Mário Alberto Neves Assis Ferreira	601	-	-	-	-	601
Patrick Wing Ming Huen	55 000	-	-	-	-	55 000
Maisy Chiu Ha Ho	0	-	-	-	-	0
Ambrose Shu Fai So	50 000	-	-	-	-	50 000
Man Hin Choi	527	-	-	-	-	527
António José de Melo Vieira Coelho	0	-	-	-	-	0
Vasco Esteves Fraga	608	-	-	-	-	608
Jorge Armindo de Carvalho Teixeira	0	-	-	-	-	0
Calvin Ka Wing Chann	1 000	-	-	-	-	1 000
Miguel António Dias Urbano de Magalhães Queiroz	0	-	-	-	-	0
Advisory Board						
Rui José da Cunha	12 300	-	-	-	-	12 300
Audit Board						
Manuel Maria Reis Boto	0	-	-	-	-	0
Vitor Prata Sevilhano Ribeiro	0	-	-	-	-	0
Paulo Ferreira Alves	0	-	-	-	-	0
Lisete Sofia Pinto Cardoso	0	-	-	-	-	0
Statutory Auditor						
Pedro Miguel Argente de Freitas e Matos Gomes	0	-	-	-	-	0



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FINANSOL, SOCIEDADE DE CONTROLO, S.G.P.S., S.A.

On 31st December 2020, ESTORIL SOL, S.G.P.S., S.A. held 62.565 treasury shares, and as FINANSOL - SOCIEDADE DE CONTROLO, S.G.P.S., S.A., on 31 December 2019, held 6.930.604 shares of ESTORIL-SOL, S.G.P.S., S.A., it was a direct holder of 57,79% of the share capital and 58,09% of the voting rights.

The members of the Board of Directors and of the Advisory Board of the Companies which are controlled by or grouped under ESTORIL-SOL, held 120.036 shares of ESTORIL-SOL, S.G.P.S., S.A., corresponding to 1% of the share capital and voting rights.

Therefore, in overall terms, the direct and indirect stake of FINANSOL in the capital of ESTORIL-SOL is 57,79%, and 59,09% to the voting rights.

AMORIM - ENTERTAINMENT E GAMING INTERNATIONAL, S.G.P.S., S.A.

On 31st December 2020, ESTORIL-SOL, S.G.P.S., S.A. held 62.565 treasury shares, and, as AMORIM – ENTERTAINMENT E GAMING INTERNATIONAL, S.G.P.S., S.A. held 3.917.793 shares, this company was a direct holder of 32,67% of the share capital and 32,84% of the voting rights of ESTORIL SOL, S.G.P.S., S.A..



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SEPARATE FINANCIAL STATEMENTS
AND
NOTES TO THE ACCOUNTS

STATEMENTS OF FINANCIAL POSITION –
SEPARATE ACCOUNTS

ESTORIL-SOL, SGPS, S.A.

STATEMENTS OF FINANCIAL POSITION ON 31st DECEMBER 2020 AND 2019

(Amounts stated in Euros)

<u>ASSETS</u>	<u>Notes</u>	<u>31-Dec-2020</u>	<u>31-Dec-2019</u>
NON - CURRENT ASSETS:			
Right-of-use assets	12	40 666	57 876
Investments in subsidiaries	11	81 460 618	109 302 499
Other non-current assets	13	984	984
Total non-current assets		<u>81 502 268</u>	<u>109 361 359</u>
CURRENT ASSETS:			
Current tax asset	16	22 200	22 200
Other current assets	14	2 842 643	2 619 817
Cash and cash equivalents	17	12 261 627	2 498 105
Total current assets		<u>15 126 470</u>	<u>5 140 122</u>
Total assets		<u>96 628 738</u>	<u>114 501 481</u>
<u>EQUITY AND LIABILITIES</u>			
EQUITY			
Capital	18	59 968 420	59 968 420
Treasury shares	18	(708 306)	(708 306)
Share issue premiums	18	960 009	960 009
Legal reserves	19	8 871 314	8 375 784
Other reserves and retained earnings	19	20 893 319	12 926 904
Other variations in equity	19	7 154 522	5 669 914
Net profit of the year	20	(20 328 108)	9 910 553
Total equity		<u>76 811 170</u>	<u>97 103 278</u>
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Provisions	7	6 986 298	4 643 476
Lease liabilities	21	22 692	37 805
Total non-current liabilities		<u>7 008 990</u>	<u>4 681 281</u>
CURRENT LIABILITIES:			
Lease liabilities	21	19 058	20 813
Current tax liability	16	45 000	45 000
Other current liabilities	22	12 744 520	12 651 109
Total current liabilities		<u>12 808 578</u>	<u>12 716 922</u>
Total liabilities		<u>19 817 568</u>	<u>17 398 203</u>
Total equity and liabilities		<u>96 628 738</u>	<u>114 501 481</u>

The accompanying notes form an integral part of the statement of financial position as of 31 December 2020.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

ESTORIL-SOL, SGPS, S.A.STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOMEFOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

(Amounts expressed in Euros)

	Notes	2020	2019
<u>OPERATING COSTS</u>			
Supplies and services	4	(856 287)	(652 644)
Personnel costs	5	(333 621)	(360 360)
Depreciation and amortization	6	(22 759)	(11 184)
Other operating expenses	8	(41 727)	(56 855)
Total operating costs		<u>(1 254 394)</u>	<u>(1 081 044)</u>
Operating results		<u>(1 254 394)</u>	<u>(1 081 044)</u>
<u>NET FINANCIAL ITEMS:</u>			
Financial expenses	9	(6 726)	(20 843)
Gains/(losses) on subsidiaries	7 and 11	(19 021 988)	11 057 440
Profit/(losses) before tax		<u>(20 283 108)</u>	<u>9 955 553</u>
Income tax	10	(45 000)	(45 000)
Net profit/(losses) for the year		<u>(20 328 108)</u>	<u>9 910 553</u>
Net profit/(losses) for the year		(20 328 108)	9 910 553
Items that will not be subsequently reclassified to results			
- Remeasurement of post-employment benefits liabilities	7	36 000	(221 000)
Net profit/(losses) of the year		<u>(20 292 108)</u>	<u>9 689 553</u>

The accompanying notes form an integral part of the profit and loss and other comprehensive income of the year as of 31 December 2020.

THE ACCOUNTANTTHE BOARD OF DIRECTORS

ESTORIL-SOL, SGPS, S.A.

CASH FLOW STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

(Amounts expressed in Euros)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<u>OPERATING ACTIVITIES:</u>			
Payments to suppliers		(838 215)	(688 032)
Payments to staff		(255 998)	(265 405)
Cash flow generated by operations		(1 094 213)	(953 437)
Payments of income tax		(44 680)	(33 426)
Other payments related to operating activities		(45 618)	(226 734)
Cash flow generated by operating activities (1)		<u>(1 184 511)</u>	<u>(1 213 597)</u>
<u>INVESTING ACTIVITIES:</u>			
Receipts from:			
Dividends	11	17 832 127	8 242 521
		<u>17 832 127</u>	<u>8 242 521</u>
Payments in respect of:			
Additional capital payments made to subsidiary companies	11	(4 704 040)	(3 600 000)
Investments in subsidiaries	11	(2 000 000)	(50 000)
Financing granted to related parties	15	(227 587)	-
		<u>(6 931 627)</u>	<u>(3 650 000)</u>
Cash flow from investing activities (2)		<u>10 900 500</u>	<u>4 592 521</u>
<u>FINANCING ACTIVITIES:</u>			
Payments in respect of:			
Amortization of lease liabilities	15	(23 260)	(11 404)
Interest and similar costs		(20 882)	(19 881)
Dividends	20	-	(4 989 101)
		<u>(44 142)</u>	<u>(5 020 386)</u>
Cash received in respect of:			
Loans obtained from related companies	15	91 674	3 972 036
		<u>91 674</u>	<u>3 972 036</u>
Cash flow generated by financing activities (3)		<u>47 532</u>	<u>(1 048 350)</u>
Variation in cash and cash equivalents (4) = (1) + (2) + (3)		9 763 521	2 330 574
Cash and cash equivalents at the beginning of the year	17	2 498 105	167 531
Cash and cash equivalents at the end of the year	17	12 261 627	2 498 105

The accompanying notes form an integral part of the cash flow statement
for the year ended 31 December 2020.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

STATEMENTS OF CHANGES IN EQUITY



ESTORIL SOL SGPS SA

ESTORIL SOL SGPS SA

STATEMENTS OF CHANGES IN EQUITY

OF THE YEARS ENDED ON 31st DECEMBER 2020 AND 2019

(Amounts expressed in Euros)

	Notes	Capital (Note 18)	Treasury shares (Note 18)	Share issue premiums (Note 18)	Legal reserves (Note 19)	Other reserves and retained earnings (Note 19)	Other variations in equity (Note 19)	Net profit/(loss) of the year (Note 20)	Total equity
Balance at 1 January 2019		59 968 420	(708 306)	960 009	7 688 178	5 778 174	4 975 129	13 752 121	92 413 725
Appropriation of net profit for the year ended in 31 December 2018	20	-	-	-	687 606	12 369 730	694 785	(13 752 121)	-
Dividends distribution		-	-	-	-	(5 000 000)	-	-	(5 000 000)
Comprehensive income for the year ended in 31 December 2019	7	-	-	-	-	(221 000)	-	9 910 553	9 689 553
Balance at 31 December 2019		59 968 420	(708 306)	960 009	8 375 784	12 926 904	5 669 914	9 910 553	97 103 278
Appropriation of net profit/(loss) for the year ended in 31 December 2019	20	-	-	-	495 530	7 930 415	1 484 608	(9 910 553)	-
Comprehensive income for the year ended in 31 December 2020	7	-	-	-	-	36 000	-	(20 328 108)	(20 292 108)
Balance at 31 December 2020		59 968 420	(708 306)	960 009	8 871 314	20 893 319	7 154 522	(20 328 108)	76 811 170

The accompanying notes form an integral part of the statement of changes in equity for the year ended 31 December 2020.

THE ACCOUNTANT

THE BOARD OF DIRECTORS



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1. INTRODUCTION

Estoril-Sol, SGPS, S.A., (“Company”) is a public limited-liability company, which resulted from a change, on 18 March 2002, to the legal status of Estoril-Sol, S.A. which was constituted on 25 June 1958 and has its registered office in Av. Dr. Stanley Ho, Casino Estoril building. The company has its shares listed on a regulated market - the Euronext.

The main business sector in which the Entity operates through its subsidiaries consists of the operation of physical casinos for games of chance, an activity regulated by Turismo de Portugal through the Gaming Regulation and Inspection Service, under the concession contracts of Póvoa game concession (until 2023), which includes the exploration of the Póvoa de Varzim Casino, and the Estoril game concession, which includes the Casino do Estoril and the Casino de Lisboa. In 2020, the Decree-Law nº 106-A / 2020 as of December 30, 2020 extended the concession contract for Estoril game concession until December 31, 2021, which previously ended on December 31, 2020. In addition, in 2016 one of the subsidiaries began its activity of exploring online games through the ESC Online site and started subsequently the activity related to sports betting, under the assigned licenses, valid for 3 years and renewable. During the year ended on December 31, 2020, the license granted for the exploration of online sports betting was renewed for an additional period of three years.

In the context of the concession contracts referred above, tangible fixed assets reversible to the state that will be delivered to the State at the end of the concession are recognized in the financial statements. These assets correspond essentially to gambling equipment and assets assigned to the buildings of the Póvoa de Varzim and Estoril Casinos. The building related to Casino de Lisboa will continue to be owned by the Group after the end of the concession and as such is not considered as reversible. Reversible assets are deducted of investment tax deductions, which correspond to the portion subsidized by the State for the investment made by the Group engaged in the gambling activity.

The Company’s social object is the management of shareholdings.

The attached financial statements are presented in Euros, given that this is the currency preferentially used in the economic environment in which the Company operates, and refer to the Company in separate terms.

The separate financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”), as adopted by the European Union, and interpretations of the International Financial Reporting Interpretation Committee (“IFRIC”), for approval and publication in accordance with the legislation in force.

The accompanying financial statements do not include the effect of the consolidation of assets, liabilities, income and expenses, which will be made in the consolidated financial statements. The effect of the consolidation is to increase the assets, liabilities and operating income net of gaming taxes by 31,030,514 Euros, 23,235,607 Euros and 78,759,557 Euros, respectively.

These financial statements were approved by the Board of Directors on April 28, 2021 and are subject to the approval of the Company’s shareholders at a General Meeting of Shareholders to be held.

2. MAIN ACCOUNTING POLICIES

2.1 Bases of presentation

The financial statements were prepared on a going concern basis according to which the assets are to be realized and the liabilities settled in the normal course of operations and from the accounting books and records of the Company.

The Board of Directors evaluated the Company's ability to operate on a continuous basis, based on all relevant available information, facts and circumstances, of a financial, commercial or other nature, including subsequent events, at the reference date of the financial statements (Note 27). As a result of the evaluation carried out (Note 25), the Board of Directors concluded that the Company has adequate resources to maintain its activities, with no intention to cease activities in the short term, and therefore considered it appropriate to use the going concern assumption in the preparation of the financial statements accounting books and records of the Company. Furthermore, the concession agreements of the Estoril and Póvoa de Varzim Game Zones, held by its subsidiaries, authorize the exploration of the Casinos de Lisboa and Estoril and Casino da Póvoa, accordingly with the respective concession and its applicable legislation, until December 31st, 2021 and 2023 (Note 1), respectively. As of this date, the terms and conditions of the public tender's specifications for the award of the new Game concession in Estoril's permanent game zone are not yet known. The shareholding structure of Estoril-Sol (III), and the respective Board of Directors, remains expectant as to the launch of the public tender, and their intention is to compete for the new concession for Estoril's permanent Game Zone. It is, therefore, in this spirit, that the Board of Directors declares itself convincingly committed to maintain the new concession in the Estoril Zone, believing that the financial strength of the concessionaire, supported, if necessary, by the bank partners with whom it has always had a fruitful relationship, will be enough to continue to lead the sector of physical casino games in Portugal.

In view of the expected results to be obtained from the gambling activity in the concession areas, and the possible renewal of said concessions, as well as the use value of the respective assets for a concessionaire of the exclusive exploitation of casino games, no losses are expected on those assets that are not registered on December 31st, 2020. Thus, the Board of Directors believes that, regardless of the outcome of a new tender for the new concessions for the Estoril and Póvoa Game Zones, under the terms that may come to be determined by the State, for the period beginning on January 1st, 2022 and January 1st, 2024, respectively, the use of the going concern assumption is appropriate, with no liability for recognition arising from this outcome expected in the financial statements as of December 31st, 2020, which will be decisive for the future realization value of the subsidiaries' assets (Note 1).

Relevant facts occurred during the year:

The World Health Organization declared, on March 11, 2020, the existence of a Pandemic related to Coronavirus 2019 (Covid-19), as a result of which the Portuguese Government has been establishing a set of exceptional and temporary measures related to the epidemiological situation of Covid-19. The adoption of restrictive measures to contain the COVID-19 pandemic resulted in a worldwide recession, severe restrictions on economic activity and a significant impact on the movement of goods and people. This context had different impacts on the business segments in which the Group operates, with territorial-based operations being severely limited and online-based operations favored, similarly to what happened with most economic activities on a global scale.

Following the events mentioned above:

- a) The Group Estoril-Sol, through its subsidiaries Estoril-Sol III and Varzim-Sol, was the first Gaming Concessionaire in Portugal to determine the closure of its physical casinos, having done it voluntarily and as a way to protect employees and customers against the spread of the disease caused by the Coronavirus COVID-19.
- b) The physical casinos closing was authorized, by order of the State Secretary for Tourism, beginning at 3:00 pm on March 14th, 2020, for a minimum period of 14 days, after which the authorities, jointly with gambling concessionaires, reassessed this measure. After the referred closure required by the Group, the legal duty to close the casinos was determined by the existent dispositions, first by Decrees No. 2-A / 2020 which gives effect to declarations of a state of emergency, decreed by Decree of the President of the Republic No. 14-A / 2020, of 18th March and then successively renewed.
- c) The reopening of the physical casinos of Estoril-Sol Group occurred on June 8, 2020.
- d) In view of the evolution of the pandemic during the year 2020 and the successive circulation limitations and the duty of lockdown meanwhile imposed on the whole of Portuguese territory, which particularly affected the districts of Lisbon and Porto and the Lisbon, Cascais and Póvoa de Varzim municipalities, the reopening of the Estoril Sol Group casinos did not occur under the same conditions as those existing in the pre-pandemic periods. In particular, the opening periods of the casinos were severely limited, namely with the imposition of the anticipation of the closing time of the casinos and the obligation to close on Saturdays and Sundays, this imposition with greater incidence in the last quarter of the year. Thus, the limitations described above resulting from the application of restrictive measures associated with the state of emergency, as well as the rapid generalized deterioration of economic conditions that have been occurring, on a global scale, strongly conditioned the activity of the physical casinos of the Estoril Sol Group.
- e) In this context of closing all activity in physical casinos, uncertainty regarding the evolution of the pandemic, its duration and impact on the economic prospects of the Estoril-Sol territorial businesses, the subsidiaries Estoril-Sol III and Varzim-Sol decided to apply, with effect from 10th April 2020, for the “Simplified Lay-off” measure provided in paragraph 1a), article 4 of Decree-Law no. 10-G / 2020, from March 26th.
- f) The “Simplified Lay-off” measure resulted in the temporary suspension of employment agreements or in the reduction of the working hours of the vast majority of Estoril-Sol III workers and Varzim-Sol workers.
- g) Mandatory “Contingency Plans” were immediately activated, in order to safeguard:
 - the health and compliance with the basic rules of hygiene and safety at work in this context of a pandemic, to all workers not covered by the Lay-off measure or who have seen their working hours reduced, as well as all providers of external services that continue to ensure the minimum services of the companies involved;
 - the assets, physical facilities and equipment of the subsidiaries affected by the temporary closure of the casinos.
- h) In addition to the measures indicated above, the gaming subsidiaries of the Estoril-Sol Group have also adopted a series of measures with the aim of adapting their cost structure to the current reality. These measures involved the renegotiation of service provision contracts in the gambling areas revisiting the contracted service levels, such as: surveillance, reception and f&b areas, maintenance and cleaning, fees and commissions directly related to the gambling volume and activity on the gaming areas/rooms.

- i) In this environment of uncertainty, the Estoril-Sol Group, within the scope to fulfill the respective concession contracts and the continuity of its operations, continued to monitor, with the prudence required in these moments, the economic and contractual impacts resulting from the temporary closure of the physical casinos.
- j) As referred to in the introduction, during the year of 2020, Decree-Law nº 106-A / 2020 of December 30, 2020 extended the concession contract for the Estoril permanent gaming area until December 31, 2021.

Regarding the year ended December 31, 2020, the gaming concessionaires, Estoril-Sol (III) - Turismo, Animação e Jogo, S.A. and Varzim-Sol - Animação, Turismo e Jogos, S.A., were exempted from the payment of the minimum annual contribution provided for in the respective concession contracts for 2020 and exempted from the obligations arising from articles 16 (tourism obligations) and 17 (financial autonomy ratio) both of which from the Decree-Law No. 422/89, by order of the Secretary of State for Tourism on 6.1.2021,. The same order specified that the amounts paid by the concessionaires for the realization of the annual consideration and that exceed the final amount due to that title are no longer credited to the concessionaires, without any other compensation.

The credit and compensation for amounts paid in excess is expressly provided for in paragraph 1 of Article 5 of the Concession Contract for the exploration of games of fortune or chance in the Estoril Gaming Zone, which remains unchanged, which is why the Group claims and will continue to claim the recognition of a credit for the year ended December 31, 2020 in the amount of 4,431,585.04 Euros (Note 22 to the notes to the consolidated accounts).

Consistently, and also considering the fact that the guardianship has not formally rejected the amount of the counterparty credit for the amounts paid in excess, the same was determined by the gaming concessionaire, Estoril-Sol (III), and by the Regulation and Inspection Service (SRIJ), as part of the calculation of the annual contribution for the year 2020, and is detailed as follows:

Casino Estoril – 2,534,781.50 Euros;
Casino Lisboa – 1,896,803.54 Euros;

Also during the year ended on December 31, 2020, the Group renewed the online sports betting license, for an additional period of 3 years, for the amount of 12,000 Euros, the same being valid until 3 August 2023, renewable under the terms and conditions set forth in the Legal Regime for Online Gambling and Betting (RJO).

The Company has prepared, in accordance with current legislation, consolidated financial statements for separate approval.

2.2 Financial investments

Investments in subsidiaries are recognized under the equity method. In accordance with the equity method, financial investments are initially recorded at acquisition cost and subsequently adjusted based on changes in the Company's share of the net assets of the related entities after acquisition. The Company's results include its share in the results of these entities.

The excess of the acquisition cost over the fair value of identifiable assets and liabilities of each entity acquired on the acquisition date is recognized as goodwill and is kept in the financial investment value. If the difference between the acquisition cost and the fair value of the net assets and liabilities acquired is negative, this is recognized as income of the year.

An assessment is made of the financial investments when there is an indication that an asset could be impaired, with any impairment losses being recognized as costs in the income statement.

In addition, dividends received from these companies are recorded as a decrease in the value of investments in subsidiaries.

Unrealized gains in transactions with subsidiaries, jointly controlled companies and associate companies are eliminated proportionally to the Company's interest in them, against the corresponding investment caption. Unrealized losses are similarly eliminated, but only up to the point in which the loss does not arise from a situation in which the asset transferred is impaired.

2.3 Leases

The Entity assesses whether a contract is or contains a lease, at inception of the contract. The Entity recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Entity uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (recognized in the statement of Profit and Loss) and by reducing the carrying amount to reflect the lease payments made. It's carrying amount is remeasured to reflect a possible reassessment, when a modification or revision of the fixed payments in substance.

The lease liability is remeasured, being the corresponding adjustment made to the related right-of-use asset, whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial

direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position. The Entity applies IAS 36 to determine whether a right-of-use asset is impaired, when necessary.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

For contracts that contain a lease component and one or more additional lease or non-lease components, the Entity allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Entity uses this practical expedient on vehicles lease contracts.

2.4 Accrual accounting

Expenses and income are recognized in the year they relate to, in accordance with the principle of accrual accounting, irrespective of when the transactions are invoiced. Expenses and income for which the real value is not known are estimated.

Costs and revenues imputable to the current year where the expenses and income will only occur in future periods, together with the expenses and income that have already occurred, but which relate to future periods and which will be imputed to the results of each of these periods, for the value corresponding to them, are stated in the accruals and deferrals captions.

2.5 Income tax

Income tax corresponds to the sum of current tax and deferred tax. Current tax and deferred tax are entered in results, except when the deferred tax is related with items recorded directly in equity. In these cases the deferred tax is also stated in equity.

The current tax on income is calculated based on the taxable profit of the year of the various entities included in the consolidation perimeter. The taxable profit differs from the book result as it excludes diverse expenses and income that will only be deductible or taxable in subsequent years, as well as expenses and income that will never be deductible or taxable in accordance with the tax rules in force.

Deferred tax relates to temporary differences between the amounts of the assets and liabilities for the purpose of the reporting of accounts and the respective amounts for the purpose of taxation, as well as the results of tax benefits obtained and of temporary differences between the fiscal result and the book result.

Deferred tax liabilities are generally recognized for all temporary taxable differences.

Deferred tax assets are recognized for deductible temporary differences, although this recognition only occurs when there is a reasonable expectation of sufficient future taxable profits to use these deferred tax assets. On each reporting date these deferred tax assets are re-assessed and are adjusted according to the expectations regarding their future use.

Deferred tax assets and liabilities are measured using the tax rates that are expected to be in force on the date of the reversal of the corresponding temporary differences, based on the tax rates (and fiscal legislation) that are formally issued on the reporting date.

Compensation between deferred tax assets and liabilities is only permitted when: (i) the Company has a legal right to perform compensation between such assets and liabilities for the purpose of settlement; (ii) these assets and liabilities are related with taxation on income raised by the same fiscal authority and (iii) the Company has the intention to perform the compensation for the purpose of settlement.

The Company is covered by the Special Regime for Taxation of Groups of Companies (Regime Especial de Tributação de Grupos de Sociedades "RETGS"), as established in articles 69º of the Portuguese Corporate Income Tax Code (CIRC) and covers all the companies in which it has a direct or indirect holding of at least 75% of the respective capital (collectively referred to as the "Group") and which are, at the same time, resident in Portugal and taxed under Corporation Tax (IRC). As such, are excluded the companies whose main activity is games, namely Estoril-Sol (III) - Turismo Animação e Jogo S.A., Varzim Sol - Turismo Animação e Jogo S.A. and Estoril-Sol Digital, Online Gaming Products and Services, S.A., since there is no incidence of IRC.

Under this regime the taxable profit of the group relating to each tax period is calculated by the controlling company (Estoril-Sol, SGPS, S.A.), through the algebraic sum of taxable profits and tax losses obtained in the individual periodic statements for each of the companies belonging to the group.

The following companies are part of the RETGS:

- Estoril-Sol, SGPS, S.A.;
- DTH - Desenvolvimento Turístico e Hoteleiro, S.A.;
- Estoril-Sol Imobiliária, S.A.;
- Estoril-Sol (V) - Investimentos Imobiliários, S.A.;
- Estoril-Sol e Mar - Investimentos Imobiliários, S.A.;
- Estoril-Sol-Investimentos Hoteleiros, S.A..

2.6 Financial assets and liabilities

2.6.1 Other current assets

Other current assets are recognized at amortized cost, using the effective interest rate, or at its nominal value, which is understood to correspond to the amortized cost, to the extent that it is expected to be received in the short term and that it does not differ significantly from its fair value at the date of the arrangement, less any impairment losses. Impairment losses for these assets based on the respective expected credit losses. The amount of the expected loss is updated at each reporting date to reflect changes in the credit risk since the initial recognition of the respective financial instrument. The impairment loss is recognized in the statement of profit and loss of the period, in which such situation occurs.

The Entity recognizes expected lifetime impairment when there is a significant increase in its credit risk after initial recognition. However, an namely, regarding Accounts receivable from related parties, if there is no increase in the credit risk of the respective financial instrument, the Company measures the impairment loss of that instrument for an amount equivalent to the expected losses in the twelve-month period ("12 months expected credit losses").

The expected lifetime losses represent the impairment losses that result from all possible default events in the expected life of the financial instrument. In contrast, expected 12-month losses represent the portion of lifetime losses that are expected to result from default events in the financial instrument that are considered likely to occur twelve months after the financial reporting date.

Measurement and recognition of expected credit loss

The measurement of expected impairment losses reflects the estimated probability of default, the probability of loss due to that default (i.e. the magnitude of the loss if a default occurs) and the Company's actual exposure to that default.

The valuation of the probability of default and loss due to this default is based on existing historical information, adjusted for future forward information as described above.

As for the exposure to the default, for financial assets, it is represented by the gross book value of the assets at each reporting date. For financial assets, the expected impairment loss is estimated as the difference between all contractual cash flows due to the Company as agreed between the parties and the cash flows that the Company expects to receive, discounted at the original effective interest rate.

Note 25 presents in detail the definitions and policies followed by the Company in determining a significant increase in credit risk, a default event, recognition of impairment losses and write-off policy (derecognition).

2.6.2 Cash and cash equivalents

The caption of cash and cash equivalents includes cash, bank deposits, term bank deposits and other cash applications that can be immediately mobilized with insignificant risk of loss of value.

2.6.3 Other current liabilities

Other current liabilities are initially recorded at fair value and are subsequently measured at amortized cost, discounted from any interest calculated and recognized in accordance with the effective interest rate method.

Derecognition of financial assets and liabilities

The Company only derecognizes financial assets when its contractual rights to the cash flow arising from of these assets expire, or when the financial assets and all the significant risks and benefits associated to their ownership are transferred to another entity. Financial assets transferred in relation to which the Company retained some significant risks and benefits are derecognized, provided that control over them has been transformed.

The Company only derecognizes financial liabilities when the corresponding obligation is settled, cancelled or expires.

2.7 Provisions, post-employment benefits, contingent liabilities and contingent assets

Provisions

Provisions are acknowledged by the Company when and only when there is a present obligation (legal or implied) resulting from a past event, for the resolution of which it will likely become necessary to spend internal resources, the amount of which may be reasonably estimated.

The recognised amount of the provisions consists in the present value of the best estimate on the reporting date of the resources necessary to settle the obligation. This estimate is determined taking into consideration the risks and uncertainties associated to the obligation.

Provisions are revised on the reporting date and are adjusted so as to reflect the best estimate on this date.

Post-employment benefits

With regard to the defined benefit plans, the corresponding cost is determined using the projected unit credit method, where the respective liabilities are determined based on actuarial studies carried out on each reporting date by independent actuaries.

The costs of past services is recognized in results on a linear basis during the period until the corresponding benefits are acquired. They are recognized immediately as the benefits have been totally acquired.

The liability associated to the benefits guaranteed recognized in the balance sheet represents the present value of the corresponding obligation, adjusted by actuarial gains and losses. The effects resulting from the change in assumptions are considered actuarial gains or losses and are recognized directly in reserves (other comprehensive income).

Contingent liabilities

Contingent liabilities are not recognized in the financial statements, being disclosed whenever the possibility of there being an outflow of resources including economic benefits is not remote nor probable.

Contingent assets

Contingent assets are not recognised in the financial statements, being disclosed when the existence of a future economic influx of resources is probable.

2.8 Classification of the statement of financial position

Assets realizable and liabilities payable, for which the Company does not have the unconditional right to defer payment for more than twelve months as from the date of the statement of financial position, that are expected to be realized in the normal course of operations, or are held with the intention of being traded, are classified as current assets and liabilities. All other assets and liabilities are classified as non-current.

2.9 Events after the balance sheet date

Events which occur after the of balance sheet date and which provide additional information regarding conditions that existed on the of balance sheet date (events after the balance sheet date that give rise to adjustments) are reflected in the financial statements. Events which occur after the balance sheet date which provide information on conditions that may occur after the balance sheet date (that do not give rise to adjustments) are disclosed in the financial statements, if they are considered material.

3 CHANGES IN ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND CORRECTION OF FUNDAMENTAL ERRORS

Except for the impact of the adoption of the new standards and interpretations or their amendments that came into effect for the years beginning on January 1, 2020, during the year 2020 there were no changes in accounting policies, compared to those considered in the preparation of the consolidated financial information relating to the financial year 2019, in accordance with the provisions of IFRS, nor have material errors relating to prior periods been recognized

Relevant estimates in the preparation of the financial statements

In the preparation of the financial statements, the Board of Directors was based on the knowledge and experience of past and/or current events and assumptions regarding future events to determine the accounting estimates.

The most significant accounting estimates, reflected in the financial statement for the year ended December 31, 20120 include:

- Analyzes of impairment of non-current assets;
- Registration of provisions.

In the year ended December 31, 2019, as a result of the level of revenues and results verified at Casino da Póvoa, the Entity estimated the recovery value of the assets allocated to the investment in the subsidiary Varzim - Sol - Turismo, Animação e Jogo, S.A. ("Varzim - Sol"), which resulted in 2019, on the recognition of an impairment loss of approximately 4,177,000 Euros. On December 31, 2020, as mentioned in Note 11, the Entity carried out a new assessment of the estimated recovery value of the assets allocated to the investment in Varzim - Sol. The referred assessment did not give rise to the recording of any impairment loss, on December 31, 2020.

These estimates were determined based on the best information available at the date of preparation of the financial statements. However, given the number of qualitative factors involved, events may occur in subsequent periods that, due to their timing, were not considered in these estimates. Significant changes to these estimates that occur after the date of the financial statements are recorded in profit or loss prospectively in accordance with IAS 8.

Amendments to IFRS of mandatory application in 2020

At the date of approval of these financial statements, the following accounting standards, interpretations, amendments and revisions endorsed by the European Union are of mandatory application for the first time for the year beginning on January 1, 2020:

<u>Standard / Interpretation</u>	<u>Applicable in the European Union in the years starting on or after</u>	<u>Brief description</u>
Amendments to references to the Conceptual Framework in IFRS Standards	01-jan-20	Corresponds to amendments to various standards (IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC 32) in relation to references to the revised Conceptual Framework in March 2018. The revised Conceptual Framework includes revised definitions of an asset and a liability and new guidance on measurement, derecognition, presentation and disclosure.

Amendment to IAS 1 and IAS 8 - Definition of material	01-jan-20	This amendment clarifies the definition of material in IAS 1. The definition of material in IAS 8 now refers to IAS 1. The amendment changes the definition of material in other standards to ensure consistency. Information is material if by its omission, misstatement or concealment it could reasonably be expected to influence the decisions of the primary users of the financial statements based on the financial statements.
Amendment to IFRS 3 - Definition of business	01-jan-20	Corresponds to amendments to the definition of business, intending to clarify the identification of a business acquisition or acquisition of a group of assets. The revised definition also clarifies the definition of output of a business as the supply of goods or services to customers. The amendments include examples for identifying the acquisition of a business.
Amendments to IFRS 9, IAS 39 and IFRS 7 - reform of benchmark interest rates (IBOR Reform)	01-jan-20	Corresponds to amendments to IFRS 9, IAS 39 and IFRS 7 related to the benchmark interest rate reform project (known as "IBOR reform"), in order to diminish the potential impact of the change in benchmark interest rates on financial reporting, namely in hedge accounting.
Amendment to IFRS 16 - Leases - "Covid 19 Related Rent Concessions"	01-jun-20	This amendment introduces an optional practical expedient whereby tenants are exempted from analyzing whether rent concessions, typically rent suspensions or rent reductions, related to the "COVID-19" pandemic correspond to contract modifications.

There were no significant effects on the Entity's financial statements for the year ended December 31, 2020, due to the adoption of the standards, interpretations, amendments and revisions mentioned above.

New IFRS or revised IFRS adopted with mandatory application in future years

The following standards, interpretations, amendments and revisions, with mandatory application in the coming years, were, as of the date of approval of these financial statements, endorsed by the European Union:

Standard / Interpretation	Applicable in the European Union in the years starting on or after	Brief description
Amendments to IFRS 9, IAS 39 and IFRS 7 - Phase 2 - benchmark interest rate reform (IBOR Reform)	01-jan-21	Corresponds to additional amendments to IFRS 9, IAS 39 and IFRS 7, issued on August 27, 2020, related to the second phase of the benchmark interest rate reform project (known as "IBOR reform"), concerning changes to benchmark interest rates and the impacts at the level of modifications to financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.
Amendment to IFRS 4 Insurance Contracts - Deferral of IFRS 9	01-jan-21	Corresponds to an amendment to IFRS 4 that extends the deferral of application of IFRS 9 to initial years on or after January 1, 2023.

These amendments, although endorsed by the European Union, were not adopted by the Entity in 2020, since their application is not mandatory. It is not expected that the future adoption of the referred amendments have significant impacts on the financial statements.

Other standards

The following accounting standards and interpretations have been issued by the IASB and are not yet endorsed by the European Union:

<u>Standard / Interpretation</u>	<u>Applicable in the European Union in the years starting on or after</u>	<u>Brief description</u>
IFRS 17 - Insurance Contracts	01-jan-23	This standard establishes, for insurance contracts within its scope, the principles for their recognition, measurement, presentation and disclosure. This standard replaces IFRS 4 - Insurance Contracts.
Amendment to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current and Non-Current	01-jan-23	This amendment published by the IASB clarifies the classification of liabilities as current and non-current by analyzing the contractual conditions existing at the reporting date.
Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements 2018-2020	01-jan-22	<p>These amendments correspond to a set of updates to the various standards mentioned, namely:</p> <ul style="list-style-type: none"> - IFRS 3 - updated the reference to the 2018 conceptual framework; additional requirements for analyzing liabilities under IAS 37 or IFRIC 21 at the acquisition date; and explicit clarification that contingent assets are not recognized in a business combination. - IAS 16 - prohibition of deducting from the cost of a tangible asset income related to the sale of products before the asset is available for use - IAS 37 - clarification that the costs of fulfilling a contract correspond to costs directly related to the contract - Annual improvements 2018-2020 correspond essentially to amendments to 4 standards, IFRS 1, IFRS 9, IFRS 16 and IAS 41

These standards have not yet been endorsed by the European Union and as such were not applied by the Entity in the year ended 31 December 2020.

For these standards and interpretations, issued by the IASB but not yet endorsed by the European Union, the Board of Directors does not consider that significant impacts on the consolidated financial statements will arise for their future adoption.

4 EXTERNAL SUPPLIES AND SERVICES

The caption “External supplies and services” in the years ended 31 December 2020 and 2019 has the following composition:

	2020	2019
Specialised work	408 800	423 090
Royalties / Licenses (a)	218 607	-
Insurance	165 698	165 698
Rents	5 681	16 099
Bank / Financial services	25 879	12 442
Representation expenses	20 867	22 874
Energy and other fluids	5 823	7 883
Fees	2 509	2 645
Legal advisory	1 286	559
Conservation and repairs	336	325
Communication	263	619
Travel and hotels	538	412
	<u>856 287</u>	<u>652 644</u>

(a) In the year ended December 31, 2020, this caption relates to expenses with annual software licensing.

5. PERSONNEL COSTS

The caption “Personnel Costs” in the years ended 31 December 2020 and 2019 has the following composition:

	2020	2019
Remuneration of the Corporate Offices	160 872	176 253
Charges on remuneration	43 158	46 518
Post-employment benefits (Note 7)	123 000	131 000
Insurance	1 853	1 942
Cost of social welfare	4 738	4 648
	<u>333 621</u>	<u>360 360</u>

In the years ended December 31st, 2020 and 2019, the average number of employees serving the Company amounts to 18 employees.

6. DEPRECIATION AND AMORTIZATION

The caption “Amortization and depreciation”, in the years ended December 31st, 2020 and 2019, has the following composition:

	2020	2019
Right-of-use assets (Note 12)	<u>22 759</u>	<u>11 184</u>
	<u>22 759</u>	<u>11 184</u>

In addition, the following expenses related to right-of-use assets were recognized in 2020 and 2019:

	2020	2019
Financial expenses with lease liabilities	844	962
Contracts < to 12 months	5 681	16 099
	<u>6 525</u>	<u>17 061</u>

7. PROVISIONS

The movement in provisions in the years ended on 31st December of 2020 and 31st December of 2019 was as follows:

	2020				Closing balance
	Opening balance	Increases	Reversals	Write-off	
Provisions for pensions	3 366 526	87 000	-	(52 375)	3 401 151
Provisions for other risks and charges	1 250 357	3	-	-	1 250 360
Losses in subsidiaries (Note 11)	26 593	2 308 194	-	-	2 334 787
	<u>1 276 950</u>	<u>2 308 197</u>	<u>-</u>	<u>-</u>	<u>3 585 147</u>
	<u>4 643 476</u>	<u>2 395 197</u>	<u>-</u>	<u>(52 375)</u>	<u>6 986 298</u>

	2020				Closing balance
	Opening balance	Increases	Reversals	Write-off	
Provisions for pensions	3.366.526	87.000	-	(52.375)	3.401.151
Provisions for other risks and charges	1.250.357	-	-	3	1.250.360
Losses in subsidiaries (Note 11)	26.593	2.308.194	-	-	2.334.787
	<u>1.276.950</u>	<u>2.308.194</u>	<u>-</u>	<u>3</u>	<u>3.585.147</u>
	<u>4.643.476</u>	<u>2.395.194</u>	<u>-</u>	<u>(52.372)</u>	<u>6.986.298</u>

Provisions for pensions / Post-employment benefits

By the Articles of Association approved in the General Meeting of 29 May 1998, Estoril-Sol, SGPS, S.A. confirmed, in article 36, the right to a retirement pension paid by the company to the former directors who had already retired, based on the previous article 25 of the Articles of Association that were then altered, and the same rights and benefits as those to the directors, in office at that time, who had or would come to complete ten years of service - after entering retirement - rights and benefits to be regulated in a contract to be agreed between the Company and these directors.

On December 31, 2020 and 2019, the Company obtained actuarial studies prepared by a specialized and accredited independent entity. The present value of the above-mentioned liabilities was estimated at 3,401,151 Euros and 3,366,526 Euros, respectively.

At December 31, 2020 and 2019, these studies were carried out using the “Projected credit unit” method and considered the following key assumptions and technical and actuarial bases at that date:

	2020	2019
Discount rate	0,6%	0,9%
Rate of growth of pensions	0,00% p.a.	0,00% p.a.
Mortality table		
- Before retirement	n.a	n.a.
- After retirement	GKF95	GKF95
Invalidity table	n.a	n.a.
Table of departures	n.a	n.a.
Retirement age	01-jun-21	01-jan-21

In the years ended December 31, 2020 and 2019, the movement in the value of the liabilities was as follows:

	Dec - 2020	Dec - 2019
Present value of the defined benefit obligation at beginning of the year:	3 366 526	3 066 901
Benefits paid	(52 375)	(52 375)
Post-employment benefits (Note 5)	123 000	131 000
Actuarial gains and losses	(36 000)	221 000
Present value of the defined benefit obligation at the end of the year:	3 401 151	3 366 526

The impacts of the actuarial update verified in the year ended December 31st, 2020 result from the changes in assumptions considered, namely, the change in the discount rate used from 0.9% in 2019 to 0.6% in 2020, and the change of the start date of payment of benefit to the former directors.

At 31 December 2020, the impact of a discount rate reduction of 0.5%, used in the actuarial calculation, would correspond to an increase in the present value of liabilities of approximately 148,000 Euros (123,000 Euros in 2019).

Provisions for other risks and charges

As of December 31, 2020 and 2019, “Provisions for other risks and charges” refers essentially to the estimate to face court expenses in the context of the economic-financial rebalancing process initiated by the Company and its subsidiaries against the Portuguese State, whose estimated timing depends on the later terms of the process. Although the court expenses are being claimed, the Company recognized a provision in the amount of 1,250,357 Euros supported by the opinion of its legal advisors.

8. OTHER OPERATING EXPENSES

The caption "Other operating expenses" in the years ended 31 December of 2020 and 2019 has the following composition:

	2020	2019
Other taxes	-	12 141
Membership fees	2 500	2 500
Others	39 227	42 215
	<u>41 727</u>	<u>56 855</u>

9. FINANCIAL EXPENSES

The financial expenses recognized in the years ended on 31 December of 2020 and 2019 has the following composition:

	2020	2019
Financial expenses:		
Leasings	6 726	20 843
	<u>6 726</u>	<u>20 843</u>

10. INCOME TAX

The Company is subject to corporation income tax at the rate of 21% plus a Municipal Surcharge of 1.5% of taxable income, resulting in a maximum aggregate tax rate of 22.5%.

In addition, taxable income for the year ended 31 December 2020 in excess of 1,500,000 Euros is subject to a State Surcharge under the terms of article 87-A of the Corporation Income Tax Code at the following rates:

- 3% for taxable profit between 1,500,000 Euros and 7,500,000 Euros;
- 5% for taxable profit between 7,500,000 Euros and 35,000,000 Euros;
- 9% for taxable profit exceeding 35,000,000 Euros;

In addition, net finance costs for 2020 and following years are deductible for determining annual taxable income according with the greater of the following limits:

- 1,000,000 Euros;
- 30% of the profit before amortization and depreciation, net finance costs and taxes.

Pursuant to article 88º of the CIRC, the Company is also subject to autonomous taxation on a set of charges at the rates provided for in the mentioned article.

In accordance with legislation in force, the tax declarations are subject to revision and correction by the tax authorities during a period of four years (five years for the Social Security), except when there have been tax losses, tax benefits have been granted, or inspections, complaints or objections are under way, in which cases, depending on the circumstances, deadlines for filing such statements are extended or suspended. In this way, the Company's tax declarations of the years from 2017 to 2020 could still be subject to revision.

The Entity is covered by the RETGS, headed by the Company (Note 2.5), being in compliance with all the requirements listed in Article 69º of the CIRC.

Income tax expense as of 31 December, 2020 and 2019 has the following composition:

	2020	2019
Profit before tax	(20 283 108)	9 955 553
Permanent differences		
Gains in subsidiaries (Note 11)	19 021 988	(11 057 440)
Other non-deductible expenses	278 188	261 395
	19 300 176	(10 796 045)
Result for tax purposes	(982 932)	(840 492)
Tax rate	21%	21%
	(206 416)	(176 503)
Assets not recognized (a)	206 416	176 503
Autonomous taxation	45 000	45 000
Income tax of the year	45 000	45 000
Effective tax rate	-0,29%	0,45%

(a) Deferred tax assets relating to reportable tax losses were not recognized, since the Company does not expect to report subsequent taxable profits that allow the recovery of those assets.

The deduction of reportable tax losses is limited to 70% of taxable profit.

As of December 31, 2020 and 2019, the reportable tax losses amounted to 6.957.786 Euros and 5.974.786 Euros respectively, and were generated as follows:

Generated in :	Limit of utilization	2020	2019
2014	2028	-	-
2015	2029	1 191 504	1 191 504
2016	2030	2 446 413	2 446 413
2017	2024	715 966	715 966
2018	2025	780 411	780 411
2019	2026	840 492	840 492
2020	2030	982 932	-
		6 957 718	5 974 786

11. INVESTMENTS IN SUBSIDIARIES

As of December 31, 2020 and December 31, 2019, the Company holds the following financial investments accounted for under the equity method:

								2020			
Subsidiary	Head office	Assets	Liabilities	Income	% held	Equity	Net profit/loss	Equity parts	Provisions (Note 7)	Gains/(losses) on subsidiaries	Gains/(losses) on subsidiaries (Note 7)
Estoril Sol (III) - Turismo, Animação e Jogo, S.A. (a)	Estoril	72 394 635	14 899 370	72 312 081	100%	57 495 265	(14 740 487)	57 495 265	-	(14 740 487)	-
Varzim Sol - Turismo, Jogo e Animação, S.A. (a)	Póvoa de Varzim	12 315 559	14 597 730	23 912 827	100%	(2 283 184)	(5 146 326)	-	(2 283 184)	(2 863 142)	(2 283 184)
Estoril Sol V - Investimentos Imobiliários, S.A.	Estoril	50	27 831	-	100%	(27 780)	(1 187)	-	(27 780)	-	-
DTH - Desenvolvimento Turístico e Hoteleiro, S.A.	Estoril	3 346 756	2 355 227	-	100%	991 529	(135 107)	991 529	-	(135 107)	(1 187)
Estoril Sol Imobiliária, S.A.	Estoril	5 088 479	1 107	-	100%	5 087 372	(4 385)	5 087 372	-	(4 385)	-
Estoril Sol - Investimentos Hoteleiros, S.A.	Estoril	9 014 625	2 460	-	90%	9 012 165	(2 540)	9 012 165	-	(2 540)	-
Estoril Sol e Mar - Investimentos Imobiliários, S.A.	Estoril	1 387 009	304 276	-	100%	1 082 733	(24 047)	1 082 733	-	(24 047)	-
Estoril Sol Internacional, S.A.	Estoril	5 937	29 760	-	100%	(23 823)	(54 649)	-	(23 823)	(30 826)	(23 823)
Estoril Sol Capital Digital, S.A. (b)	Estoril	7 799 904	8 350	1 090 866	100%	7 791 554	1 086 740	7 791 554	-	1 086 740	-
								81 460 618	(2 334 787)	(16 713 794)	(2 308 194)

								2019			
Subsidiary	Head office	Assets	Liabilities	Income	% held	Equity	Net profit/loss	Equity parts	Provisions (Note 7)	Gains/(losses) on subsidiaries	Gains/(losses) on subsidiaries (Note 7)
Estoril Sol (III) - Turismo, Animação e Jogo, S.A. (a)	Estoril	117 821 939	27 748 215	159 356 626	100%	90 073 725	19 548 593	90 073 725	-	19 548 593	-
Varzim Sol - Turismo, Jogo e Animação, S.A. (a)	Póvoa de Varzim	24 405 597	21 547 529	46 918 950	100%	2 858 068	(8 304 748)	2 858 068	-	(8 304 748)	-
Estoril Sol V - Investimentos Imobiliários, S.A.	Estoril	50	26 643	-	100%	(26 593)	(1 187)	-	(26 593)	-	(1 187)
DTH - Desenvolvimento Turístico e Hoteleiro, S.A.	Estoril	3 293 908	2 167 272	-	100%	1 126 636	(136 236)	1 126 636	-	(136 236)	-
Estoril Sol Imobiliária, S.A.	Estoril	5 093 929	2 171	-	100%	5 091 758	(3 970)	5 091 758	-	(3 970)	-
Estoril Sol - Investimentos Hoteleiros, S.A.	Estoril	9 017 166	2 460	-	90%	9 014 706	(2 540)	9 014 706	-	(2 540)	-
Estoril Sol e Mar - Investimentos Imobiliários, S.A.	Estoril	1 387 010	280 230	-	100%	1 106 780	(23 298)	1 106 780	-	(23 298)	-
Estoril Sol Internacional, S.A.	Estoril	45 520	14 694	-	100%	30 826	(19 174)	30 826	-	(19 174)	-
								109 302 499	(26 593)	11 058 627	(1 187)

- (a) The equity of these subsidiaries for the purposes of applying the equity method in the years ended 31 December 2020 and 2019 is adjusted by the effect of the reclassification of the tax deductions to the investment, which are not classified in equity in accordance with IFRS. Additionally, the equity and net results of these subsidiaries are adjusted for the effect of IFRS 16 - Leases in accordance with IFRS.
- (b) In order to reorganize its business and investments in subsidiaries, Estoril Sol SGPS, S.A. created a new entity in 2020, Estoril Sol Capital Digital, S.A.. This subsidiary is responsible for holding all the Group's investments in subsidiaries operating in the online gambling industry. Thus, in October 2020, the investment that Grupo Estoril Sol holds in the entity Estoril Sol Digital - Online Gaming Products and Services S.A., corresponding to 50% of its capital, previously held by Estoril Sol (III) - Turismo, Animação e Jogo, S.A., is now held by the recently created entity, Estoril Sol Capital Digital, S.A..

In the year ended December 31, 2019, as a result of the level of revenues and results verified at Casino da Póvoa, the Entity estimated the recovery value of the assets allocated to the investment in the subsidiary Varzim - Sol - Turismo, Animação e Jogo, S.A. ("Varzim - Sol"), which resulted in 2019, on the recognition of an impairment loss of approximately 4,177,000 Euros. For this purpose, based on the characteristics and nature of the activity developed, the discounted cash flow method was used, based on the financial cash flow projections until the end of the concession period.

On December 31, 2020, the Entity carried out a new assessment of the estimated recovery value of the assets allocated to the investment in Varzim - Sol. The referred assessment did not give rise to the recording of any impairment loss, on December 31, 2020.

The projections, on December 31, 2020 and 2019, were discounted with a WACC rate of 7.1%, having been considered, on the December 31, 2020 projections, a revenue growth rate during the concession period of -22% in 2021, 90% in 2022 and 25% in 2023, considering, additionally, an annual consideration of 50% of gaming revenue, which is expected to persist under the terms of the negotiations with the tutelage and the Portuguese Casino's Association (Note 1).

The Board of Directors estimates that a positive or negative variation of 0.5% in the discount rate would have an impact of approximately 110,000 Euros in the impairment analysis carried out in the year of 2020, which is sensitive, among others, to the level of gambling revenues that will be verified until the end of the concession, namely with regard to the possible effects that may impact the Group's revenue and the eventual alteration of the rules for the application of referred consideration. Thus, any deviations in the revenue growth rates considered would result in deviations of a similar amount in the impairment losses recorded.

The change in "Investments in subsidiaries" were as follows:

	2020	2019
Opening balance	109 302 499	113 038 157
Acquisition / Incorporation of new subsidiaries	2 000 000	50 000
Gains / Losses imputed from subsidiaries	(16 713 794)	11 058 627
Acquisitions / Capital increases / Reimbursements (a)	4 704 040	3 600 000
Dividends Distribution (b)	(17 832 127)	(18 444 285)
Closing balance	<u>81 460 618</u>	<u>109 302 499</u>

(a) During the year ended December 31, 2020, Estoril Sol, SGPS, S.A., constituted a new company, Estoril Sol Capital Digital, S.A., held in 100%, whose area of activity will be the management of financial investments related to Estoril Sol Group's online operations. During the year ended on December 31, 2019, Estoril Sol, SGPS, SA, constituted a new company, Estoril Sol Internacional, S.A., held in 100%, whose area of activity will be the management of projects / operations in international markets, still under study and analysis as of the date of these consolidated financial statements.

(b) During the years 2020 and 2019, the Company made capital increases in its subsidiaries, as follows:

	2020	2019
Capital increase made in Varzim-Sol	-	3 600 000
Capital increase made in Estoril Sol Capital Digital	4 704 040	-
	<u>4 704 040</u>	<u>3 600 000</u>

In the years ended on 31 December 2020 and 2019, Estoril-Sol (III) distributed to the Company dividends amounting to 17,832,127 Euros and 18,444,285 Euros, respectively. The amount of dividends distributed in 2020 and 2019 were fully settled, being part of the 2019 dividend, in the amount of 10,201,764 Euros, settled through accounts settlement (Note 15).

12. RIGHT-OF-USE ASSETS

During the years ended December 31, 2020 and 2019, the movement in “Right-of-use-assets”, as well as in the respective accumulated depreciation and impairment losses, were as follows:

	2020	2019
	Transport Equipment	Transport Equipment
Gross assets:		
Balance at 1st January	69 060	
IFRS 16 - Adoption in January 1st, 2019	-	19 785
New contracts	5 549	49 275
Closing balance	<u>74 609</u>	<u>69 060</u>
Depreciation and accumulated impairment losses:		
Balance at 1st January	11 184	
Depreciation of the year (Note 6)	22 759	11 184
Closing balance	<u>33 943</u>	<u>11 184</u>
Net amount	<u>40 666</u>	<u>57 876</u>

The item “Transport equipment” refers to car leases contracts used by the Company’s employees, for periods between 2 to 4 years. These contracts do not foresee the existence of relevant extension or termination clauses or residual value guarantees.

13. OTHER NON-CURRENT ASSETS

At 31 December 2020 and 2019, the caption “Other non-current assets” was composed as follows:

	2020	2019
State and other public entities	984	984
	<u>984</u>	<u>984</u>

14. OTHER CURRENT ASSETS

At 31 December 2020 and 2019, the caption “Other current assets” had the following composition:

	2020			2019		
	Gross value	Impairments	Net value	Gross value	Impairments	Net value
Receivables from related parties (Note 15)	2 861 863	(19 521)	2 842 342	2 634 276	(19 521)	2 614 755
Advance payments	301	-	301	5 062	-	5 062
	<u>2 862 164</u>	<u>(19 521)</u>	<u>2 842 643</u>	<u>2 639 338</u>	<u>(19 521)</u>	<u>2 619 817</u>

15. RELATED PARTIES

On 31st December of 2020 and 2019, the Company had the following balances with related parties:

Related party	2020		2019	
	Other current assets (Note 14)	Other current liabilities (Note 22)	Other current assets (Note 14)	Other current liabilities (Note 22)
Holding company				
- Finansol - Sociedade de Controlo, SGPS, S.A.	171 221	-	171 062	
Subsidiaries				
- Estoril Sol (III) - Turismo, Animação e Jogo, S.A.	-	337 940	-	239 340
- DTH - Desenvolvimento Turístico e Hoteleiro, S.A.	2 332 246	-	2 153 842	-
- Estoril Sol Imobiliária, S.A.	-	3 173 922	-	3 178 308
- Estoril Sol - Investimentos Hoteleiros, S.A.	-	9 014 625	-	9 017 165
- Estoril Sol V - Investimentos Imobiliários, S.A.	26 723	-	25 536	-
- Estoril Sol e Mar - Investimentos Imobiliários, S.A.	299 083	-	275 036	-
- Estoril Sol Internacional, S.A.	27 590	-	8 800	-
- Estoril Sol Capital Digital, S.A.	5 000	-	-	-
Impairment losses:				
- Estoril Sol V - Investimentos Imobiliários, S.A.	(19 521)	-	(19 521)	-
	<u>2 842 342</u>	<u>12 526 487</u>	<u>2 614 755</u>	<u>12 434 813</u>

In the years ended on 31 December 2020 and 2019 there were no transactions between related parties.

As at 31 December 2020 and 2019, the caption “Other current liabilities” relates to financing granted by its subsidiaries, which are classified in current liabilities as the unconditional right to defer payment over more than twelve months is not contractually defined.

Reconciliation of liabilities resulting from financing activities:

The changes in the Company's liabilities resulting from financing activities, both cash and non-cash are presented bellow. Liabilities resulting from financing activities are those whose cash flows have been, or will be, classified as financing in the statement of cash flows:

Reconciliation of liabilities arising from financing activities					
	Balance at 31 Dez-2019	Financing cash flows	New leasing contracts (Note 12)	Other changes (i)	Balance at 31 de Dez-2020
Other current liabilities from Related Parties (Notes 15 and 22)	12 434 813	91 674	-	-	12 526 487
Lease liabilities	58 618	(23 260)	5 549	843	41 750
	<u>12 493 431</u>	<u>68 414</u>	<u>5 549</u>	<u>843</u>	<u>12 568 237</u>

Reconciliation of liabilities arising from financing activities					
	Balance at 31 Dez-2018	Financing cash flows	New leasing contracts (Note 12)	Other changes (i)	Balance at 31 de Dez-2019
Other current liabilities from Related Parties (Notes 15 and 22)	18 664 541	3 972 036	-	(10 201 764)	12 434 813
Lease liabilities	-	(11 404)	49 275	962	58 618
	<u>18 664 541</u>	<u>3 960 632</u>	<u>49 275</u>	<u>(10 200 802)</u>	<u>12 493 431</u>

(i) This caption includes the net effect of the financial discount referring to payments made to lease creditors. The caption also includes, in 2019, the effect of the dividend settlement of Estoril Sol (III) through accounts settlement (Note 11).

16. CURRENT TAX ASSETS AND LIABILITIES

As at 31 December 2020 and 2019, the captions “Current tax assets” and “Current tax liabilities” in the statement of financial position are made up as follows:

	2020	2019
Current assets:		
Special Payment on Account (IRC)	22 200	22 200
	<u>22 200</u>	<u>22 200</u>
Current Liabilities:		
Estimated corporate Income Tax (Note 10)	45 000	45 000
	<u>45 000</u>	<u>45 000</u>

17. CASH AND CASH EQUIVALENTS

On December 31, 2020 and 2019, “Cash and cash equivalents” includes cash, immediately available bank deposits (less than or equal to three months) net of bank overdrafts and other negotiable securities quoted on the secondary market, and has the following composition:

	2020	2018
Cash	2 112	2 200
Immediately available bank deposits	12 259 515	2 495 905
Cash and cash equivalents	<u>12 261 627</u>	<u>2 498 105</u>

In the years ended December 31, 2020 and 2019, the Company recorded the following non-monetary investment and financing transactions in the cash flow statement:

- The Company acquired assets through lease contracts, as disclosed in Notes 12 and 15, in the amount of 5,549 Euros and 49,275 Euros, in 2020 and 2019, respectively.

18. CAPITAL

On December 31st, 2019 and 2018, Estoril-Sol, SGPS., S.A., an issuer of securities (“shares”) admitted to trading on a regulated market, has a share capital of 59,968,420 Euros (fifty nine million, nine hundred and sixty eight thousand, four hundred and twenty euros), represented by 11,993,684 registered shares (ISIN Code PTESO0AM0000), with a unit par value of five Euros each.

Treasury shares

The treasury shares were acquired by the Company as follows:

Year of Acquisition	No.of shares	Nominal value	Total nominal	Total premiums	Total
2001	34 900	5	174 500	280 945	455 445
2002	43	5	215	184	399
2007	22	5	110	88	198
2008	27 600	5	138 000	114 264	252 264
Total	<u>62 565</u>		<u>312 825</u>	<u>395 481</u>	<u>708 306</u>

As a result of the treasury shares acquired, a reserve of 708,306 Euros was made unavailable, which was included under “Other reserves and retained earnings” (Note 19).

Legal persons with a stake of over 20% in the share capital on 31 December of 2020 and 2019:

- Finansol, Sociedade de Controlo, S.G.P.S, S.A., with 57.79% (a)
- Amorim – Entertainment e Gaming International, S.G.P.S., S.A., with 32.67%

(a) This entity is controlled by the Macau Tourism and Entertainment Society (STDM, headquartered in Macau).

Share issue premiums

The amount recorded under this caption results from the obtained gains on capital increases, which occurred in previous years. According to the legislation in force, the use of the amount included in this item follows the regime applicable to the legal reserve, that is, it shall not be distributed to shareholders, but may be used to absorb losses after all other reserves have been exhausted or incorporated in the capital. On 31 December of 2020 and 2019 the amount recorded at “Share issue premiums” amounted to 960,009 Euros.

19. RESERVES

Legal reserve

In accordance with current legislation the Company must transfer at least 5% of its annual net profit to a legal reserve until the reserve reaches at least 20% of share capital. The reserve cannot be distributed, except upon liquidation of the company, but may be used to absorb losses after all the other reserves have been used up or to increase capital.

Other reserves and retained earnings

This caption relates to income generated in prior years not attributed to Company shareholders and includes reserves made unavailable as a result of the acquisition of treasury shares amounting to Euro 708,306. This caption also includes the accumulated impacts of the actuarial update of post-employment benefits (Note 7).

Other variations in equity

As at December 31, 2020 and 2019, the caption “Other variations in equity” refers essentially to unallocated results of subsidiaries, which are appropriated as a result of applying the equity method.

20. APPLICATION OF RESULTS AND DIVIDENDS

In accordance with the resolutions adopted at the General Shareholders' Meeting held on June 29, 2020 and May 26, 2019, the results for the years ended December 31, 2019 and 2018 were applied as follows:

	2020	2019
Legal reserve	495 530	687 606
Other reserves and retained earnings	7 930 415	7 369 730
Other variations in equity	1 484 608	694 785
Dividends (a)	-	5 000 000
	<u>9 910 553</u>	<u>13 752 121</u>

(a) Of the amount of dividends approved in 2019, corresponding to a dividend per share of 0.42 Euros, 4,989,101 Euros were already settled.

21. LEASE LIABILITIES

As of December 31, 2020 and 2019, the maturity of amortizations falling due for lease contracts expires as follows:

	2020	2019
2020	-	20.813
2021	19.058	21.775
2022 and following	<u>22.692</u>	<u>16.030</u>
	<u>41.750</u>	<u>37.805</u>

22. OTHER CURRENT LIABILITIES

As of 31 December 2020 and 2019, this caption had the following composition:

	2020	2019
Suppliers	34 346	21 747
State and other public entities (a)	8 939	12 606
Other creditors:		
Charges with holidays to be paid	28 351	32 854
Specialised work - Fees	84 577	87 366
Others	61 820	61 722
Accounts payable to related parties (Note 15)	<u>12 526 487</u>	<u>12 434 813</u>
	<u>12 744 520</u>	<u>12 651 109</u>

(a) On 31 December 2020 and 2019 this caption is composed as follows:

	2020	2019
Social Security contributions	4 541	4 736
Other taxes	<u>4 398</u>	<u>7 870</u>
	<u>8 939</u>	<u>12 606</u>

23. CONTINGENT LIABILITIES AND ASSETS, GUARANTEES AND COMMITMENTS

On 31st December of 2020 and 2019, the Company had presented the following guarantees:

	2020	2019
For tax demands in hand / litigation	8 000	8 000
	<u>8 000</u>	<u>8 000</u>

24. REMUNERATION OF KEY MEMBERS OF THE COMPANY

The remunerations of Company's management key members in the in the years ended 31 December 2020 and 2019 relate fully to fixed remunerations, in the amount of 98,375 Euros and 105.000 Euros, respectively, in each of these years (Note 5).

25. FINANCIAL INSTRUMENTS

At 31 December 2020 and 2019 the main assets and liabilities financial instruments, recorded at amortized cost, were as follows:

	2020	2019
Financial assets:		
Receivables	2 842 342	2 614 755
Cash and cash equivalents	12 261 627	2 498 105
	<u>15 103 969</u>	<u>5 112 860</u>
Financial liabilities:		
Lease liabilities	41 750	58 618
Payables	12 744 520	12 651 109
	<u>12 786 270</u>	<u>12 709 727</u>

In what concerns to current accounts receivable and account payable and cash and cash equivalents, the Company considers, in the light of specific characteristics of these financial instruments, that the fair value does not differ significantly from their book value, therefore it is not necessary, under the terms of IFRS 13 to present its fair value by measurement levels.

In the normal course of its activity the Company is exposed to a variety of financial risks that can change its asset value. Financial risk is understood to be the probability of obtaining results other than those expected, whether these be positive or negative, materially and unexpectedly changing the asset value of the Company.

In order to minimize the potential impact of these risks, the Company adopts a strict financial policy based on two vitally important instruments:

- approval of the annual budget and the respective revision and analysis of deviations on a monthly basis, and;
- the elaboration of financial and cash-flow planning, which is also reviewed on a monthly basis.

The financial risks which can possibly impact on the activities undertaken by the Company are those presented below:

Liquidity risk:

The management of the liquidity risk is based on maintaining an adequate level of available cash and on the contracting of credit limits that help not only to ensure the normal development of the Company's activities but also to cater for any operations of an extraordinary nature.

According to the monetary resources freed up by the subsidiary companies over which the Company has control, we feel the financial risk to which the Company is exposed is minimal, and the same understanding has prevailed in the examination carried out by financial institutions, as shown by the fact that asset guarantees are dispensed with for operations under contract.

Credit risk

Credit risk is mainly related to the accounts receivable resulting from the operations with related parties. This risk is monitored on a regular basis by each of the Company's businesses with the objective of:

- monitor the evolution of the level of credit granted;
- to analyze the financial capability of related parties on a regular basis.

The Company's financial assets relate primarily to short-term related party accounts receivable for which it adopts the expected 12-month loss model.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition.

In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from internal and external sources, when available, of actual and forecasted economic information related to the Company's operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the above mentioned, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

A financial instrument is determined to have low credit risk if:

- (1) The financial instrument has a low risk of default,
- (2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(ii) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is recurring a breach of payment terms by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

(iii) Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, namely with the publication of the foreclosure of the debtor.

Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Interest rate risk

The Company's exposure to interest rate risk arises from the existence, in the balance sheet of its subsidiaries, of financial assets and liabilities, contracted at a variable rate. The change in market rates has a direct impact on the amount of interest paid, causing consequent cash variations.

If the market interest rates had been 1% higher during the years ended on 31st December 2020 and 2019, the results from its subsidiaries of those years would have increased by approximately 32.800 Euros and 37.000 Euros, respectively.

26. STATUTORY AUDITOR'S FEES

The statutory auditor's fees in 2020 and 2019 amounted to 123.000 Euros, plus VAT at the current rate, and are exclusively related to legal review and auditing of the Company's separate and Consolidated financial statements. Additionally, on December 31, 2019, other services were provided by entities of the Statutory Auditor network, in the amount of 15.000 Euros.

27. EVENTS AFTER THE BALANCE SHEET DATE

Regarding the epidemiological control context of Covid 19, and within the scope of the exceptional and temporary measures the Portuguese Government has been establishing as a result of which, since March 14, 2020, the physical casinos of Estoril and Póvoa de Varzim gaming zones have been temporarily closed or, from June 8, 2020, had their operating hours constrained, being closed on this date, since January 15, 2021 by the imposition of Decree 3-A / 2021, which was later extended by the imposition of Decrees 3-D/2021, 3-F/2021, 4/2021 and 7/2021, maintaining the operations related to online gambling and sports betting. As a result, considering that the current closure falls within the scope of the gradual strategy of lifting the restrictive measures established by the Council of Ministers in March 2021, the extent of the impact on the future consolidated financial position of the Group will depend on the evolution of the referred Pandemic, of the measures that may be adopted and the global evolution of the economy in this period.

In this context, the subsidiaries Estoril-Sol III and Varzim-Sol decided to apply, with effect from 15th January 2021, for the “Simplified Lay-off” measure provided in accordance with Decree-Law no. 10-G / 2020, from March 26th, and Decree-Law n^o 6-E/2021, from January 15th, from which measure resulted in the temporary suspension of work contracts or in the reduction of the working hours of Estoril-Sol III workers and Varzim-Sol workers. Additionally mandatory “Contingency Plans” were immediately activated, in order to preserve the health of employees and providers of external services, as well as assets allocated to the casinos. It were also adopted measures involving the renegotiation of service provision contracts in the gambling areas revisiting the contracted service levels, such as: surveillance, reception and f&b areas, maintenance and cleaning, fees and commissions directly related to the gambling volume and activity on the gaming areas/rooms.

In this context, the duration of the activity closure, as well as any additional measures that may be taken by the Portuguese authorities regarding the containment of Covid-19 and those relating to the temporary closure of physical casinos under the respective concession contracts, will be decisive for the future realization value of the assets of the Company's subsidiaries, however, the future impacts for the Company arising from this situation are uncertain. According to the information available on this date, the Board of Directors, which is currently evaluating the measures taken in the meantime to mitigate the impacts on territorial operations, based on the financial capacity of the Group, which presents “Cash and cash equivalents”, on 31 December 2020 of approximately 59 Million Euros, considers that the going concern assumption, used in the preparation of the Group's consolidated financial statements as of December 31st, 2020, remains appropriate on the present date, being however uncertain the future impacts for the Group arising from this situation

On March 24, 2021, by decision of the Supreme Court of Justice, Casino da Póvoa was sentenced to reinstate all the employees who maintained the collective dismissal process (Note 31) and to indemnify them for moral damages, including four employees that the Guimarães Court of Appeal had acquitted the Group. The decision of the Supreme Court of Justice is subject to appeal to the Plenary of the Supreme Court of Justice, and the Board of Directors believes that the responsibility recognized in the financial statements for the year ended December 31, 2020 is sufficient for any responsibilities that may result from the conclusion of the process.



28. NOTE ADDED FOR TRANSLATION

The accompanying financial statements are a translation of financial statements originally issued in Portuguese, in accordance with IFRS. In the event of discrepancies, the Portuguese version prevails.



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CONSOLIDATED FINANCIAL STATEMENTS
AND
NOTES TO THE ACCOUNTS

ESTORIL SOL SGPS, S.A

CONSOLIDATED STATEMENTS OF THE FINANCIAL POSITION ON DECEMBER 31st, 2020 AND DECEMBER 31st, 2019

(Amounts in Euros)

<u>ASSETS</u>	<u>Notes</u>	<u>Dec - 20</u>	<u>Dec - 19</u>
NON-CURRENT ASSETS:			
Tangible fixed assets			
Reversible to the State	14	9 023 138	20 015 855
Not reversible to the State	14	49 914 473	51 723 342
Tax deductions on investments	15	<u>(3 764 731)</u>	<u>(8 219 396)</u>
Total non-current assets		55 172 880	63 519 800
Intangible assets	16	4 025 840	13 495 810
Right-of-use assets	17	541 967	821 183
Investment properties	18	176 590	182 141
Other non current assets		<u>82 486</u>	<u>67 905</u>
		<u>59 999 763</u>	<u>78 086 839</u>
CURRENT ASSETS:			
Inventories	20	6 906 961	6 921 651
Clients and other account receivables	21	137 304	399 399
Current tax assets	19	22 200	22 200
Other current assets	22	1 894 200	2 073 950
Cash and cash equivalents	23	58 698 824	83 046 171
Total current assets		<u>67 659 489</u>	<u>92 463 371</u>
Total assets		<u>127 659 252</u>	<u>170 550 210</u>
<u>EQUITY and LIABILITIES</u>			
EQUITY:			
Capital	24	59 968 420	59 968 420
Treasury shares	24	(708 306)	(708 306)
Share issue premiums	24	960 009	960 009
Legal Reserves	24	8 871 314	8 375 784
Other Reserves and retained earnings	24	28 047 841	18 596 818
Consolidated net profit/ (loss)		<u>(20 328 108)</u>	<u>9 910 553</u>
Equity attributable to the holders of the parent Company		76 811 170	97 103 278
Non-controlling interests	25	<u>7 794 907</u>	<u>6 478 063</u>
Total equity		<u>84 606 077</u>	<u>103 581 341</u>
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Lease liabilities	26	217 492	438 030
Other non-current liabilities	28	-	1 244 808
Provisions	27	<u>8 182 678</u>	<u>9 906 608</u>
Total non-current liabilities		<u>8 400 170</u>	<u>11 589 446</u>
CURRENT LIABILITIES:			
Lease liabilities	26	347 290	392 077
Borrowings	26	6 565 702	-
Current tax liabilities	19	110 614	114 814
Other current liabilities	28	<u>27 629 399</u>	<u>54 872 533</u>
Total current liabilities		<u>34 653 005</u>	<u>55 379 424</u>
Total liabilities		<u>43 053 175</u>	<u>66 968 869</u>
Total equity and liabilities		<u>127 659 252</u>	<u>170 550 210</u>

The accompanying notes form an integral part of the statement of financial position as of 31 December 2020.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

CONSOLIDATED PROFIT AND LOSS STATEMENTS



ESTORIL-SOL, SGPS, S.A.
CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
OF THE YEARS ENDED ON 31st DECEMBER, 2020 AND 2019

(Amounts in Euros)

	Notes	31 st December	
		2020	2019
REVENUE:			
Gaming revenues	6	135 677 289	231 135 593
Gaming taxes	6	(61 641 450)	(120 115 643)
		<u>74 035 839</u>	<u>111 019 950</u>
Government Grant - Lay-Off	6	1 656 303	-
Other operating revenue	6	3 067 415	9 301 169
		<u>78 759 557</u>	<u>120 321 119</u>
OPERATING EXPENSES:			
Cost of sales	7	(1 029 998)	(3 015 813)
Supplies and services	8	(34 002 293)	(40 580 376)
Personnel costs	9	(31 673 907)	(35 065 219)
Depreciation and amortization	10	(18 884 261)	(19 269 908)
Impairment of depreciable / amortizable assets ((increases) / reversals)	10	-	(4 177 014)
Impairments accounts receivable ((increases) / reversals)	21 and 22	(4 465 339)	19 855
Provisions ((increases) / reversals)	27	167 135	(583 554)
Other operating expenses	11	(1 380 986)	(2 774 747)
Total operating expenses		<u>(91 269 649)</u>	<u>(105 446 777)</u>
Income before financial results and taxes		<u>(12 510 092)</u>	<u>14 874 342</u>
FINANCIAL (LOSSES) AND GAINS:			
Financial losses	12	(316 539)	(318 803)
Financial gains	12	25 981	54 435
		<u>(290 558)</u>	<u>(264 368)</u>
Income before taxes		<u>(12 800 650)</u>	<u>14 609 975</u>
Income taxes	13	(110 614)	(114 814)
Consolidated net income/(loss)		<u>(12 911 264)</u>	<u>14 495 161</u>
Attributable to:			
Equity holders of the Parent Company		(20 328 108)	9 910 553
Non-controlling interests	25	7 416 844	4 584 608
		<u>(12 911 264)</u>	<u>14 495 161</u>
Net result per share			
Basic and diluted	32	<u>(1,70)</u>	<u>0,83</u>

The accompanying notes form an integral part of the profit and loss statement
of the year as of 31 December 2020.

THE ACCOUNTANT

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ESTORIL-SOL, SGPS, S.A.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

OF THE YEARS ENDED ON 31ST DECEMBER 2020 AND 2019

(Amounts in Euros)

	Notes	2020	2019
Consolidated net result of the year	5	(12 911 264)	14 495 161
Components of other comprehensive income (OCI):			
Items that will not be reclassified subsequently to profit or loss			
- Actuarial Gains / (Losses) related with post-employment benefit plans	27	36 000	(221 000)
Consolidated comprehensive income of the year		<u>(12 875 264)</u>	<u>14 274 161</u>
Attributable to:			
Equity holders of the parent		(20 292 108)	9 689 553
Non-controlling interests		<u>7 416 844</u>	<u>4 584 608</u>
		<u>(12 875 264)</u>	<u>14 274 161</u>

The accompanying notes form an integral part of the statement of other comprehensive income of the year as of 31 December 2020.

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY



ESTORIL SOL SGPS SA

ESTORIL SOL SGPS SA

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31st DECEMBER 2020 AND 2019

(Amounts in Euros)

	Share Capital (Note 24)	Treasury Shares (Note 24)	Issue Premiums (Note 24)	Legal Reserve (Note 24)	Other Reserves and Retained Earnings (Note 24)	Consolidated net result of the year	Total	Non- controlling interests (Note 25)	Total Equity
Balance at 01 st January 2019	59 968 420	(708 306)	960 009	7 688 178	10 753 303	13 752 121	92 413 725	3 513 973	95 927 698
Application of the consolidated net profit of the year ended 31 st December 2018	-	-	-	687 606	13 064 515	(13 752 121)	-	-	-
Dividends paid to Equity holders of the Parent Comp	-	-	-	-	(5 000 000)	-	(5 000 000)	-	(5 000 000)
Dividends paid to Non-controlling interests	-	-	-	-	-	-	-	(1 620 517)	(1 620 517)
Consolidated Other Comprehensive Income (OCI) of the year ended 31st December 2019	-	-	-	-	(221 000)	9 910 553	9 689 553	4 584 608	14 274 161
Balance at 31st December 2019	59 968 420	(708 306)	960 009	8 375 784	18 596 818	9 910 553	97 103 278	6 478 063	103 581 341
Balance at 01 st January 2020	59 968 420	(708 306)	960 009	8 375 784	18 596 818	9 910 553	97 103 278	6 478 063	103 581 341
Application of the consolidated net profit of the year ended 31 st December 2019	-	-	-	495 530	9 415 023	(9 910 553)	-	-	-
Dividends paid to Non-controlling interests	-	-	-	-	-	-	-	(6 100 000)	(6 100 000)
Consolidated Other Comprehensive Income (OCI) of the year ended 31st December 2020	-	-	-	-	36 000	(20 328 108)	(20 292 108)	7 416 844	(12 875 264)
Balance at 31st December 2020	59 968 420	(708 306)	960 009	8 871 314	28 047 840	(20 328 108)	76 811 170	7 794 907	84 606 077

The accompanying notes form an integral part of the statement of changes in equity for the year ended 31 December 2020.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

ESTORIL-SOL, SGPS,S.A.

CONSOLIDATED CASH FLOW STATEMENTS

FOR THE YEARS ENDED 31st DECEMBER 2020 AND 2019

(Amounts in Euros)

	Notes	31st December	
		2020	2019
<u>OPERATING ACTIVITIES:</u>			
Receipts from clients		138 891 989	237 603 611
Payments to suppliers		(36 256 095)	(47 682 696)
Payments to staff		(28 100 594)	(32 785 916)
Cash flow generated by operations		74 535 300	157 134 999
Payment of income tax		(113 205)	(101 936)
Payment of Special Gaming tax		(93 402 096)	(115 952 775)
Other payments relating to the operating activity		(4 211 151)	(2 340 241)
Cash flow from operating activities (1)		<u>(23 191 152)</u>	<u>38 740 048</u>
<u>INVESTING ACTIVITIES:</u>			
Receipts from:			
Interest and similar income		25 982	54 435
		<u>25 982</u>	<u>54 435</u>
Payments in respect of:			
Tangible fixed assets		(943 576)	(2 028 526)
Intangible assets		(12 000)	(12 000)
		<u>(955 576)</u>	<u>(2 040 526)</u>
Cash flow from investment activities (2)		<u>(929 594)</u>	<u>(1 986 090)</u>
<u>FINANCING ACTIVITIES:</u>			
Receipts from:			
Bank loans obtained	26	176 208 519	31 984 501
		<u>176 208 519</u>	<u>31 984 501</u>
Payments in respect of:			
Bank loans repaid	26	(169 650 419)	(31 984 501)
Interest and similar costs	26	(268 148)	(239 356)
Dividends	24/25	(6 100 000)	(6 609 618)
Amortization of lease liabilities	26	(416 553)	(329 176)
		<u>(176 435 120)</u>	<u>(39 162 651)</u>
Cash flow from financing activities (3)		<u>(226 601)</u>	<u>(7 178 150)</u>
Variation in cash and cash equivalents (4)=(1)+(2)+(3)		(24 347 347)	29 575 807
Cash and cash equivalents at the start of the period	23	83 046 171	53 470 364
Cash and cash equivalents at the end of the period	23	58 698 824	83 046 171

The accompanying notes form an integral part of the cash flow statement for the year ended 31 December 2020.

THE ACCOUNTANT

THE BOARD OF DIRECTORS



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1. INTRODUCTION

Estoril-Sol, SGPS, S.A., (“Company”) is a public limited-liability company, which resulted from a change, on 18 March 2002, to the legal status of Estoril-Sol, S.A. which was constituted on 25 June 1958 and has its registered office in Av. Dr. Stanley Ho, Casino Estoril building. The company has its shares listed on a regulated market - the Euronext.

The main business sector in which the Group operates consists of the operation of physical casinos for games of chance, an activity regulated by Turismo de Portugal through the Gaming Regulation and Inspection Service, under the concession contracts of Póvoa game concession (until 2023), which includes the exploration of the Póvoa de Varzim Casino, and the Estoril game concession, which includes the Casino do Estoril and the Casino de Lisboa. In 2020, the Decree-Law nº 106-A / 2020 as of December 30, 2020 extended the concession contract for Estoril game concession until December 31, 2021, which previously ended on December 31, 2020. In addition, in 2016 one of the subsidiaries began its activity of exploring online games through the ESC Online site and started subsequently the activity related to sports betting, under the assigned licenses, valid for 3 years and renewable. During the year ended on December 31, 2020, the license granted for the exploration of online sports betting was renewed for an additional period of three years.

In the context of the concession contracts referred above, tangible fixed assets reversible to the state (Note 14) that will be delivered to the State at the end of the concession are recognized in the financial statements. These assets correspond essentially to gambling equipment and assets assigned to the buildings of the Póvoa de Varzim and Estoril Casinos. The building related to Casino de Lisboa will continue to be owned by the Group after the end of the concession and as such is not considered as reversible. Reversible assets are deducted of investment tax deductions (Note 15), which correspond to the portion subsidized by the State for the investment made by the Group engaged in the gambling activity.

In addition, the Group also operates in the real estate sector, currently holding a number of properties in the portfolio (Note 20).

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”), as adopted by the European Union, and interpretations of the International Financial Reporting Interpretation Committee (“IFRIC”), for approval and publication in accordance with the legislation in force.

These consolidated financial statements were approved by the Board of Directors on April 28, 2021 and are subject to the approval of the Company’s shareholders at a General Meeting of Shareholders to be held.

2. MAIN ACCOUNTING POLICIES

2.1. Bases of presentation

The attached financial statements were prepared on the assumption of the continuity of operations, based on the books and accounting records of the companies included in the consolidation (Note 4), considering the standards of IFRS as adopted by the European Union.

The Board of Directors evaluated the Group's ability to operate on a continuous basis, based on all relevant information, facts and circumstances of a financial, commercial and other nature, including events subsequent to the consolidated financial statement reference date available on the future. As a result of the evaluation made, the Board of Directors concluded that the Group has adequate resources to maintain its activities and fully comply with its obligations, with no intention to terminate them in the short term, and considered it appropriate to use the assumption of continuity of operations in the preparation of the consolidated financial statements. Furthermore, the concession agreements of the Estoril and Póvoa de Varzim Game Zones, held by its subsidiaries, authorize the exploration of the Casino de Lisbon, Casino do Estoril and Casino da Póvoa, accordingly with the respective concession and its applicable legal framework until 31 December 2021 and 2023, respectively.

The Board of Directors considers that despite the result of a tender for new concessions of the Estoril and Póvoa Game Zones, for the period beginning on January 1, 2022 and January 1, 2024, respectively, subject to the terms to be set by the state, the Group's ability to operate on a continuous basis principle is adequate, not being expected unrecognized liabilities related with that result in the financial statements as of December 31, 2020, which will be decisive for the realization value of Group's assets (Nota 1).

Relevant facts occurred during the year:

The World Health Organization declared, on March 11, 2020, the existence of a Pandemic related to Coronavirus 2019 (Covid-19), as a result of which the Portuguese Government has been establishing a set of exceptional and temporary measures related to the epidemiological situation of Covid-19. The adoption of restrictive measures to contain the COVID-19 pandemic resulted in a worldwide recession, severe restrictions on economic activity and a significant impact on the movement of goods and people. This context had different impacts on the business segments in which the Group operates, with territorial-based operations being severely limited and online-based operations favored, similarly to what happened with most economic activities on a global scale.

Following the events mentioned above:

- a) The Group Estoril-Sol, through its subsidiaries Estoril-Sol III and Varzim-Sol, was the first Gambling Concessionaire in Portugal to determine the closure of its physical casinos, which it did voluntarily and as a way of protect your workers and customers against the spread of the disease caused by the Corona virus COVID-19.
- b) The physical casinos closing was authorized, by order of the State Secretary for Tourism, beginning at 3:00 pm on March 14th, 2020, for a minimum period of 14 days, after which the authorities, jointly with gambling concessionaires, reassessed this measure. After the referred closure required by the Group, the legal duty to close the casinos was determined by the existent dispositions, first by Decrees No. 2-A / 2020 which gives effect to declarations of a state of emergency, decreed by Decree of the President of the Republic No. 14-A / 2020, of 18th March and then successively renewed.
- c) The reopening of the physical casinos of Estoril-Sol Group occurred on June 8, 2020.

- d) In view of the evolution of the pandemic during the year 2020 and the successive circulation limitations and the duty of lockdown meanwhile imposed on the whole of Portuguese territory, which particularly affected the districts of Lisbon and Porto and the Lisbon, Cascais and Póvoa de Varzim municipalities, the reopening of the Estoril Sol Group casinos did not occur under the same conditions as those existing in the pre-pandemic periods. In particular, the opening periods of the casinos were severely limited, namely with the imposition of the anticipation of the closing time of the casinos and the obligation to close on Saturdays and Sundays, this imposition with greater incidence in the last quarter of the year. Thus, the limitations described above resulting from the application of restrictive measures associated with the state of emergency, as well as the rapid generalized deterioration of economic conditions that have been occurring, on a global scale, strongly conditioned the activity of the physical casinos of the Estoril Sol Group (Note 6).
- e) In this context of closing all activity in physical casinos, uncertainty regarding the evolution of the pandemic, its duration and impact on the economic prospects of the Estoril-Sol territorial businesses, the subsidiaries Estoril-Sol III and Varzim-Sol decided to apply, with effect from 10th April 2020, for the “Simplified Lay-off” measure provided in paragraph 1a), article 4 of Decree-Law no. 10-G / 2020, from March 26th.
- f) The “Simplified Lay-off” measure resulted in the temporary suspension of employment agreement or in the reduction of the working hours of the vast majority of Estoril-Sol III workers and Varzim-Sol workers (Notes 6 and 9).
- g) Mandatory “Contingency Plans” were immediately activated, in order to safeguard:
- the health and compliance with the basic rules of hygiene and safety at work in this context of a pandemic, to all workers not covered by the Lay-off measure or who have seen their working hours reduced, as well as all providers of external services that continue to ensure the minimum services of the companies involved;
 - the assets, physical facilities and equipment of the subsidiaries affected by the temporary closure of the casinos.
- h) In addition to the measures indicated above, the gaming subsidiaries of the Estoril-Sol Group have also adopted a series of measures with the aim of adapting their cost structure to the current reality. These measures involved the renegotiation of service provision contracts in the gambling areas revisiting the contracted service levels, such as: surveillance, reception and f&b areas, maintenance and cleaning, fees and commissions directly related to the gambling volume and activity on the gaming areas/rooms. (Note 8).
- i) In this environment of uncertainty, the Estoril-Sol Group, within the scope to fulfill the respective concession contracts and the continuity of its operations, continued to monitor, with the prudence required in these moments, the economic and contractual impacts resulting from the temporary closure of the physical casinos.

- j) During the year of 2020, Decree-Law nº 106-A / 2020 of December 30, 2020 extended the concession contract for the Estoril permanent gaming area until December 31, 2021.

Regarding the year ended December 31, 2020, the gaming concessionaires, Estoril-Sol (III) - Turismo, Animação e Jogo, S.A. and Varzim-Sol - Animação, Turismo e Jogos, S.A., were exempted from the payment of the minimum annual contribution provided for in the respective concession contracts for 2020 and exempted from the obligations arising from articles 16 (tourism obligations) and 17 (financial autonomy ratio) both of which from the Decree-Law No. 422/89, by order of the Secretary of State for Tourism on 6.1.2021,. The same order specified that the amounts paid by the concessionaires for the realization of the annual consideration and that exceed the final amount due to that title are no longer credited to the concessionaires, without any other compensation.

The credit and compensation for amounts paid in excess is expressly provided for in paragraph 1 of Article 5 of the Concession Contract for the exploration of games of fortune or chance in the Estoril Gaming Zone, which remains unchanged, which is why the Group claims and will continue to claim the recognition of a credit for the year ended December 31, 2020 in the amount of 4,431,585.04 Euros (Note 22 to the notes to the consolidated accounts).

Consistently, and also considering the fact that the guardianship has not formally rejected the amount of the counterparty credit for the amounts paid in excess, the same was determined by the gaming concessionaire, Estoril-Sol (III), and by the Regulation and Inspection Service (SRIJ), as part of the calculation of the annual contribution for the year 2020, and is detailed as follows:

Casino Estoril – 2,534,781.50 Euros;
Casino Lisboa – 1,896,803.54 Euros;

Also during the year ended on December 31, 2020, the Group renewed the online sports betting license, for an additional period of 3 years, for the amount of 12,000 Euros, the same being valid until 3 August 2023, renewable under the terms and conditions set forth in the Legal Regime for Online Gambling and Betting (RJO).

2.2. Principles of consolidation

The consolidation methods adopted by the Group are the following:

a) Controlled companies

Investments in controlled companies, defined as companies in which the Group (i) directly or indirectly holds more than 50% of the voting rights at Shareholders' General Meetings, or has the power to control their financial and operating policies (control definition adopted by the Group); (ii) is exposed to or has variable return on its involvement in the operations of the subsidiary; or (iii) has the ability to use its voting rights to affect its return, were included in the consolidated financial statements by the full consolidation method. Equity and net profit or loss of these companies corresponding to third party participation in them, if applicable, are reflected separately in the consolidated statements of financial position and consolidated statements of profit and loss in the caption "Non-controlling interests". The companies included in the consolidation are listed in Note 4.

Assets, liabilities and contingent liabilities of controlled companies are recorded at fair value as of the acquisition date. Any excess of cost over the fair value of the net assets acquired is recognized as goodwill. If the difference between cost and the fair value of the net assets acquired is negative, it is recognized in results for the year. Non-controlling interests are recognized in proportion to the fair value of the identified assets and liabilities.

Whenever necessary, adjustments are made to the financial statements of subsidiaries to adapt their accounting policies to those used by the Group in the preparation of the consolidated financial statements (IFRS).

b) Associate companies

An associate company is an entity in which the Group exercises significant influence, but does not have control or joint control, through participation in the decisions relating to its financial and operational policies.

Financial investments in associate companies (Note 4) are recorded using the equity pick-up method, except when they are classified as held for sale, with the participations being initially stated at acquisition cost, to which the difference between this cost and the value proportional to the participation in the equity of these companies, reported on the acquisition date or on the first application of this method, is added or subtracted.

In accordance with the equity method, shareholdings are adjusted periodically by the value corresponding to the participation in the net results of the associate companies, by other variations in their equity, as well as by the recognition of impairment losses.

Furthermore, dividends received from these companies are stated as a reduction in the value of the financial investments.

The Group suspends the application of the equity pick-up method when the investment in the associate company is reduced to zero and a liability is only recognised if there are legal or constructive obligations before associate companies or their creditors. If the associate company subsequently produces profits, the equity pick-up method is resumed after its part in the profits is equal to the part of the unrecognised losses.

Each year an assessment is made of the investments in associate companies and, when there are indications that the asset could be impaired, the impairment losses that are demonstrated to exist are stated as a cost. When impairment losses recognised in previous periods cease to exist they are reversed up to the limit of the impairment recorded.

Whenever necessary, adjustments are made to the financial statements of associate companies to adapt their accounting policies to those used by the Group.

2.3. Tangible fixed assets

Tangible fixed assets are initially recorded at acquisition cost, which includes the cost of purchase, any costs directly attributable to the activities necessary to place the assets in the location and condition necessary for them to operate as intended. Arising from the exception allowed for in IFRS 1, revaluations made to tangible assets, in years prior to 1 January 2004, were maintained, with this reassessed value being designated at cost value for the purposes of the IFRS.

Tangible fixed assets are stated at acquisition cost, less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated, after the time when the asset is ready to be used, in accordance with the straight line method with duodecimal imputation, in conformity with the estimated useful life for each group of assets.

The useful lives and method of depreciation of the various assets are revised annually. The effect of any change in these estimates is recognised prospectively in the income statement.

Tangible fixed assets allocated to the gaming concessions are revertible to the State at the end of the respective concessions (“reversible tangible fixed assets”), being depreciated in accordance with the straight line method according to their useful lives, with duodecimal imputation, always paying attention to the number of years remaining until the end of the respective concessions, as follows:

<u>Concession</u>	<u>End of the concession</u>
Estoril and Lisbon Casinos	2021
Póvoa Casino	2023

The Decree-Law nº 106-A / 2020 as of December 30, 2020 exceptionally extended the concession contract of Estoril gaming zone until December 31, 2021. Considering that the referred extension was only decreed on December 30, 2020, the reversible tangible fixed assets relative to the Estoril gaming zone were fully depreciated during the year ended on December 31, 2020.

Other tangible fixed assets (“Tangible fixed assets non-revertible to the State”) are depreciated using the straight-line method with duodecimal imputation during the following estimated useful lives:

<u>Homogenous class</u>	<u>Years</u>
Buildings and other constructions	20 - 50
Basic equipment	3 - 10
Vehicles	3 - 4
Office equipment	3 - 10
Other tangible fixed assets	3 - 10

Regular maintenance and repair costs are recorded as a cost when incurred. Significant expenses incurred with renewals of Improvements of tangible fixed assets are capitalized and depreciated in the corresponding estimated period of recovery of that investment, when future economic benefits associated with the asset are probable and when they can be measured reliably.

The gain (or loss) resulting from the sale or write-off of a tangible fixed asset is determined as the difference between the amount received in the transaction and the net book value of the asset and is recognised in results in the year in which the write-off or sale takes place.

2.4. Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;

- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured (as well as the corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The Group applies IAS 36 to determine whether a right-of-use asset is impaired, when necessary.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative

stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group uses this practical expedient.

2.5. Intangible assets

Intangible assets essentially correspond to the premiums paid for the operating rights in the gaming areas of Estoril and Póvoa during the period that was negotiated with the Portuguese Government. The Estoril gaming area includes Estoril Casino and Lisbon Casino, with operations at the latter having begun on 19 April 2006. These premiums are stated at acquisition cost less amortization and any accumulated impairment losses. Intangible assets are acknowledged only when it is likely that the Group will derive future economic benefits from them, and that they are both controllable and reliably measured.

Amortization is calculated using the straight line method, from the moment that the assets are available for use, according to the estimated useful life, with the end of the respective concessions being considered as follows:

<u>Concession</u>	<u>End date of the concession / License</u>
Estoril and Lisbon Casinos	2021
Póvoa Casino	2023
Casino Online / Sports Betting	2022/2023 (renewal for periods of three years)

The Decree-Law nº 106-A / 2020 as of December 30, 2020 exceptionally extended the concession contract of Estoril gaming zone until December 31, 2021. Considering that the referred extension was only decreed on December 30, 2020, the corresponding premium paid for the rights associated with the exploration of the Estoril gaming zone was fully amortized during the year ended on December 31, 2020.

2.6. Impairment of assets

Whenever there is any indicator that the Company's tangible fixed assets, intangible assets and investment properties could be impaired, an estimate is made of its recoverable value in order to determine the extent of the impairment loss (according to the case). When the recoverable value of an individual asset cannot be determine, the recoverable value of the cash generating unit to which this asset belongs is estimated.

The recoverable value of the asset or of the cash generating unit is the higher between (i) the fair value less sale costs and (ii) the usage value. In the determination of the usage value, the estimated future cash flows are discounted using a discount rate that reflects the expectations of the market concerning the temporal value of the money and regarding the specific risks of the asset or of the cash generating unit in relation to which the estimates of future cash flows have not been adjusted.

Whenever the net book value of the asset or of the cash generating unit is higher than its recoverable value, an impairment loss is recognised. An impairment loss is immediately entered in the income statement, except if this loss compensates a surplus revaluation recorded in equity. In this latter case, this loss will be treated as a decrease in that revaluation.

The reversal of impairment losses recognised in previous years is recorded when there is evidence that the impairment losses recognised previously no longer exist or have reduced. The reversal of impairment losses is recognised in the income statement in the respective caption of "Reversals of impairment losses". Impairment losses are reversed up to the limit of the amount that would be recognised (net of amortization) if the loss had not been recorded.

2.7. Tax deductions by investment

Under the Gaming Concession Contracts, the Group has the right to annually deduct the following expenses from the gaming tax:

1. Losses from the operation of the Tamariz Bathing Complex, on the basis set forth by line c) of article 6 of Regulatory Decree 56/84;
2. Expenses pertaining to compliance with the obligations set forth under section 1 of article 5 of Decree Law no. 275/01, of 17 October;
3. Expenses with the purchase, renewal and replacement of gaming equipment, up to 50% of its value, pursuant to paragraph d) of article 6 of Regulatory Decree 56/84;
4. Expenses with projects for the execution of works for the modernizing and expanding of gaming equipment, for up to 50% of its value, pursuant to paragraph d) of article 6 of Regulatory Decree 56/84;
5. Expenses with the automation of the system used for issuing access cards leading to Game Rooms and for controlling revenues and internal television and surveillance circuits, the value of which amounts to 100% of such expenses, pursuant to paragraph e) of article 6 of Regulatory Decree 56/84.

The tax deductions corresponding to the losses referred in 1) and the charges mentioned in 2) are fully recorded in the income statement for the year to which they relate, the remaining amounts being recorded as a deduction from tangible fixed assets and recognized in the income statement over the useful life of the assets correspondents.

2.8. Investment properties

Investment properties essentially consist of buildings held to obtain rents or for appreciation of the capital (or both), and are not intended for use in the production or supply of goods or services or for administrative purposes or for sale in the ordinary course of the business.

Investment properties are initially measured at cost (which includes transaction costs). Subsequently, investment properties are measured in accordance with the cost model.

Costs incurred related with investment properties in use, namely, maintenance, repairs, insurance and taxation on properties are recognised as a cost in the period that they relate to. Improvements in investment properties in relation to which there are expectations that they will generate additional future economic benefits are capitalised in the "Investment properties" caption.

Investment properties are depreciated in accordance with the straight line method with duodecimal imputation during the following estimated useful lives:

Homogenous class	Years
Buildings and other constructions	8 to 50

2.9. Inventories

Inventories are recorded at cost or net realizable value, whichever is lower. The net realizable value represents the estimated sale price less all the costs estimated and necessary to conclude the inventories and to make the sale.

The costing method of inventories adopted by the Company is the average cost.

2.10. Accrual accounting

Expenses and income are recognised in the year they relate to, in accordance with the principle of accrual accounting, irrespective of when the transactions are invoiced. Expenses and income for which the real value is not known are estimated.

Expenses and income imputable to the current year where the expense and income on which will only take place in future periods, together with the expenses and income that have already occurred, but which relate to future periods and which will be imputed to the results of each of these periods, for the value corresponding to them, are stated in the deferrals captions.

Financial interest and income are recognised in accordance with the principle of accrual accounting and in accordance with the effective interest rate applicable.

2.11. Income tax

Income tax corresponds to the sum of current taxation and deferred taxation. Current tax and deferred tax are recorded in the Income Statement except when the deferred tax is related with items entered directly in equity. In these cases the deferred tax is also stated in equity.

Current tax on income is calculated based on the taxable profit of the year of the various entities included in the consolidation perimeter. The taxable profit differs from the accounting result as it excludes diverse expenses and income that will only be deductible or taxable in subsequent years, as well as expenses and income that will never be deductible or taxable in accordance with the tax rules in force.

Deferred tax relates to the temporary differences between the amounts of the assets and liabilities for accounts reporting purposes and the respective amounts for the purposes of taxation, as well as the results of tax benefits obtained and of temporary differences between the fiscal and accounting results.

Deferred tax liabilities are generally recognised for all temporary taxable differences.

Deferred tax assets are recognised for temporary deductible differences, although this recognition only occurs when there are reasonable expectations of future tax profits that are sufficient for these deferred tax assets to be used. These deferred tax assets are revised on each reporting date, these being adjusted according to expectations regarding their future use.

Deferred tax assets and liabilities are measured using the tax rates that are expected to be in force on the date of the reversal of the corresponding temporary differences, based on the tax rates (and fiscal legislation) that are formally issued on the reporting date.

Compensation between assets and deferred tax liabilities is only permitted when: (i) the Company has a legal right to compensate between these assets and liabilities for the purposes of liquidation; (ii) these assets and liabilities are related with income taxation raised by the same tax authority (i) and (iii) the Company intends to perform this compensation for the purposes of liquidation.

The Group estimates income tax in accordance with the Special Regime for the Taxation of Groups of Companies ("RETGS"), in accordance with article 69º of the CIRC. It includes all companies in which the dominating company has a direct or indirect participation of at least 75%, being these companies resident in Portugal and subject to general corporation income tax regime (Imposto sobre o Rendimento das Pessoas Coletivas – "IRC"). In this context, the subsidiaries whose main activity is gaming exploration, namely Estoril-Sol (III) – Turismo, Animação e Jogo, S.A. ("Estoril-Sol (III)"), Varzim Sol – Turismo, Animação e Jogo, S.A. ("Varzim Sol"), Estoril-Sol Digital and Online Gaming Products and Services, S.A.

(“Estoril-Sol Digital”), are excluded from RETGS. The activity of the first two companies as concessionaries and licensed, in accordance with clause 7 of the notice from Ministry of Economy, represented by the Gaming Regulation and Inspection Service, dated December 14, 2001, published in the III Series of the Diário da República no. 27 of February 1, 2002, are obliged to payment of a special gaming tax for the exercise of gaming activity, other general or local taxation relating to the exercise of that activity or any other taxation under this agreement, and the respective settlement and recovery under the terms of articles 84º and following of Decree-Law no. 422/89. According to this regime, the Group’s taxable profit for each of the tax periods is calculated by the parent company (Estoril-Sol, SGPS, S.A.), by means of the algebraic sum of taxable profits and tax losses recorded in the individual periodic declarations of each of the companies belonging to the group. Regarding Estoril-Sol Digital, the company is obligated to pay a special online gambling tax under the terms of Article 88º of Decree-Law no. 66/2015. Additionally, the subsidiary companies Estoril Sol Internacional, S.A. and Estoril Sol Capital Digital, S.A., which were established during the years ended December 31, 2019 and 2020, respectively, are excluded from RETGS (Note 4).

In accordance with this regime, the Group's taxable profit for each tax period is calculated by the dominant company (Estoril-Sol, SGPS, SA), using the algebraic sum of taxable profits and tax losses determined in the individual periodic tax returns. each of the companies belonging to the Group

The following companies are part of the RETGs:

- Estoril Sol, SGPS, S.A.;
- DTH – Desenvolvimento Turístico e Hoteleiro, S.A.;
- Estoril Sol Imobiliária, S.A.;
- Estoril Sol V – Investimentos Imobiliários, S.A.;
- Estoril Sol e Mar – Investimentos Imobiliários, S.A.;
- Estoril Sol Investimentos Hoteleiros, S.A..

2.12. Financial instruments

Financial instruments (financial assets and financial liabilities) are recognized when the Group becomes a contractual party of the respective instrument that gives the Group the right or obligation to receive or pay a certain amount to a third party.

Customers and other accounts receivable

Clients and other accounts receivable and other current assets are recognized at amortized cost, using the effective interest rate, or at its nominal value, which is understood to correspond to the amortized cost, to the extent that it is expected to be received in the short term and that it does not differ significantly from its fair value at the date of the arrangement, less any impairment losses. Impairment losses for these assets are recognized based on the respective expected credit losses. The amount of the expected loss is updated at each reporting data to reflect changes in the credit risk since the initial recognition of the respective financial instrument. The impairment loss is recognized in the statement of profit and loss of the period, in which such situation occurs.

The Group recognizes expected lifetime impairment when there is a significant increase in its credit risk after initial recognition. However, and namely, regarding Accounts receivable from related parties, if there is no increase in the credit risk of the respective financial instrument, the Group measures the impairment loss of that instrument for an amount equivalent to the expected losses in the twelve-month period (“12 months expected credit losses”).

The expected lifetime losses represent the impairment losses that result from all possible default events in the expected life of the financial instrument. In contrast, expected 12-month losses represent the portion of

lifetime losses that are expected to result from default events in the financial instrument that are considered likely to occur twelve months after the financial reporting date.

Measurement and recognition of expected credit losses

The measurement of expected impairment losses reflects the estimated probability of default, the probability of loss due to that default (i.e. the magnitude of the loss if a default occurs) and the Group's actual exposure to that default.

The valuation of the probability of default and loss due to this default is based on existing historical information, adjusted for future forward information as described above.

As for the exposure to the default, for financial assets, it is represented by the gross book value of the assets at each reporting date. For financial assets, the expected impairment loss is estimated as the difference between all contractual cash flows due to the Group as agreed between the parties and the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Note 30 presents in detail the definitions and policies followed by the Group in determining a significant increase in credit risk, a default event, recognition of impairment losses and write-off policy (derecognition).

Cash and cash equivalents

The amounts included in the caption of cash and cash equivalents correspond to the amounts in cash, bank deposits and other cash applications that can be immediately mobilized with insignificant risk of loss of value.

Other accounts payable

Accounts payable are recognized initially at fair value, being subsequently recognized at amortized cost, discounted by any interest calculated and recognized in accordance with the effective interest rate method.

Financing obtained

Loans are recognised initially for the value received, net of issuing expenses. In subsequent periods, loans are carried at amortised cost; any difference between the amounts received (net of issuing costs) and the value payable is recognised in the statement of comprehensive income during the period of the loans using the effective interest rate method.

Loans which fall due in less than twelve months are classified as current liabilities, unless the Group has the unconditional right to defer the settlement of the liabilities for more than twelve months after the date of the statement of the financial position.

2.13. Provisions, post-employment benefits, contingent liabilities and contingent assets

Provisions

Provisions are only recognised when the Company has a present obligation (legal or implied) resulting from a past event, for the resolution of which it will likely become necessary to spend internal resources, the amount of which may be reasonably estimated.

The amount of provisions recognised consists of the present value of the best estimate on the reporting date of the resources necessary to settle the obligation. This estimate is determined taking the risks and uncertainties associated to the obligation into consideration.

Provisions for restructuring costs are only recognized when there is a formal and detailed plan, identifying the main characteristics of the plan and after having communicated these facts to the entities involved.

Provisions are revised on the reporting date and are adjusted in order to reflect the best estimate on that date.

Post-employment benefits

With regard to the defined benefit plans, the corresponding cost is determined using the projected unit credit method, with the respective liabilities being determined based on actuarial studies carried out on each reporting date by independent actuaries.

The cost of the past services is recognised in results on a linear basis during the period until the corresponding benefits are acquired. They are recognised immediately in as the benefits are fully acquired.

The liability associated to the benefits guaranteed recognized in the balance sheet represents the present value of the corresponding obligation, adjusted by actuarial gains and losses.

The effects resulting from the change in assumptions are considered actuarial gains or losses and are recognized directly in reserves (other comprehensive income).

Contingent liabilities

Contingent liabilities are not recognized in the financial statements, being disclosed whenever the possibility of there being an outflow of resources including economic benefits is not remote, nor probable.

Contingent assets

Contingent assets are not recognised in the financial statements, being disclosed when the existence of a future economic influx of resources is probable.

2.14. Revenue

Revenues are recognized in the income statement when the transfer of control of the good or service provided to the buyer occurs and the amount of the income is reasonably quantified.

The recognized revenue refers essentially to the gaming activity in the Estoril and Póvoa de Varzim Gaming Concessions and to the online activity of Online casino gaming and sports betting. Revenues from slot machines and table gaming resulting from a significant volume of transactions, as well as those resulting from online games, are determined daily under the supervision of Turismo de Portugal through the Gaming Regulation and Inspection Service and are derived from the difference between the amount of bets placed and the prizes awarded and paid, as well as from accumulated prizes. In addition, the Group recognizes the revenue from sales resulting from F&B and entertainment activities.

The Group recognizes revenues from different businesses:

Provision of services associated with the operation of games of chance: With regard to services associated with the operation of games of chance, the Group believes that the obligation to deliver the service, depending on its nature, occurs at the moment where the respective service is provided. It is considered that the timing of the recognition of the obligation of unique performance of each of those services occurs at a specific point in time, when the control of the services provided is transferred to the customer.

Sales associated with the food & beverage and entertainment activities: With regard to sales associated with the F&B and entertainment activities, the Group believes that the performance obligation is fulfilled at the moment when it transfers control of the goods or services, that is, at the time in which it proceeds to its delivery or realization, with no other significant performance obligations to be fulfilled as of that moment. In this way, the recognition of the respective revenue occurs in a moment of time, with the fulfilment of the respective performance obligations.

2.15. Financial charges with financing obtained

The financing expense related to the acquisition, construction or production of qualifying assets that require a substantial period of time to be available for use are capitalized up to the date of transfer from assets under construction to assets subject to depreciation. Other financing expenses are recognized in the income statement when incurred.

2.16. Classification of the statement of the financial position

Assets realizable and liabilities payable, for which the Group does not have the unconditional right to defer payment for more than twelve months as from the date of the statement of financial position, that are expected to be realized in the normal course of operations, or are held with the intention of being traded, are classified as cur-rent assets and liabilities. All other assets and liabilities are classified as non-current.

2.17. Subsequent events

Events which occur after the close date of the year and which provide additional information regarding conditions that existed on the close date of the year are reflected in the consolidated financial statements.

Events which occur after the close date of the year and which provide additional information regarding conditions that occur after the close date of the year are disclosed in the Notes to the consolidated financial statements, if material.

3. CHANGES IN ACCOUNTING POLICIES, JUDGMENTS, ESTIMATES AND CORRECTION OF FUNDAMENTAL ERRORS

Except for the impact of the adoption of the new standards and interpretations or their amendments that came into effect for the years beginning on January 1, 2020, during the year 2020 there were no changes in accounting policies, compared to those considered in the preparation of the consolidated financial information relating to the financial year 2019, in accordance with the provisions of IFRS, nor have material errors relating to prior periods been recognized

Relevant estimates in the preparation of the consolidated financial statements

In the preparation of the financial statements, the Board of Directors was based on the knowledge and experience of past and/or current events and assumptions regarding future events to determine the accounting estimates.

The most significant accounting estimates, reflected in the financial statement for the year ended December 31, 2020 include:

- Analyzes of impairment of non-current assets;
- Registration of provisions;
- Impairment analysis of inventories (real estate portfolio).

In the year ended December 31, 2019, as a result of the level of revenues and results verified at Casino da Póvoa, the Group predicted the recovery value of the assets allocated to Varzim - Sol - Turismo, Animação e Jogo, S.A. ("Varzim - Sol") operations, which resulted in 2019, on the recognition of an impairment loss of approximately 4,177,000 Euros.

On December 31, 2020, as mentioned in Note 16, the Group carried out a new assessment of the estimated recovery value of the assets allocated to Varzim - Sol.

The referred assessment did not give rise to the recording of any impairment loss, on December 31, 2020.

The Board of Directors periodically evaluates possible liabilities arising from past events, the likelihood of which implies recognition of a provision and/or disclosure in the consolidated financial statements (Notes 27 and 29).

These estimates were determined based on the best information available at the date of preparation of the financial statements. However, given the number of qualitative factors involved, events may occur in subsequent periods that, due to their timing, were not considered in these estimates. Significant changes to these estimates that occur after the date of the financial statements are recorded in profit or loss prospectively in accordance with IAS 8.

Amendments to IFRS of mandatory application in 2020

At the date of approval of these financial statements, the following accounting standards, interpretations, amendments and revisions endorsed by the European Union are of mandatory application for the first time for the year beginning on January 1, 2020:

Standard / Interpretation	Applicable in the European Union in the years starting on or after	Brief description
Amendments to references to the Conceptual Framework in IFRS Standards	01-jan-20	Corresponds to amendments to various standards (IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC 32) in relation to references to the revised Conceptual Framework in March 2018. The revised Conceptual Framework includes revised definitions of an asset and a liability and new guidance on measurement, derecognition, presentation and disclosure.
Amendment to IAS 1 and IAS 8 - Definition of material	01-jan-20	This amendment clarifies the definition of material in IAS 1. The definition of material in IAS 8 now refers to IAS 1. The amendment changes the definition of material in other standards to ensure consistency. Information is material if by its omission, misstatement or concealment it could reasonably be expected to influence the decisions of the primary users of the financial statements based on the financial statements.
Amendment to IFRS 3 - Definition of business	01-jan-20	Corresponds to amendments to the definition of business, intending to clarify the identification of a business acquisition or acquisition of a group of assets. The revised definition also clarifies the definition of output of a business as the supply of goods or services to customers. The amendments include examples for identifying the acquisition of a business.
Amendments to IFRS 9, IAS 39 and IFRS 7 - reform of benchmark interest rates (IBOR Reform)	01-jan-20	Corresponds to amendments to IFRS 9, IAS 39 and IFRS 7 related to the benchmark interest rate reform project (known as "IBOR reform"), in order to diminish the potential impact of the change in benchmark interest rates on financial reporting, namely in hedge accounting.

Amendment to IFRS 16 - Leases - "Covid 19 Related Rent Concessions"	01-jun-20	This amendment introduces an optional practical expedient whereby tenants are exempted from analyzing whether rent concessions, typically rent suspensions or rent reductions, related to the "COVID-19" pandemic correspond to contract modifications.
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There were no significant effects on the Group's financial statements for the year ended December 31, 2020, due to the adoption of the standards, interpretations, amendments and revisions mentioned above.

New IFRS or revised IFRS adopted with mandatory application in future years

The following standards, interpretations, amendments and revisions, with mandatory application in the coming years, were, as of the date of approval of these financial statements, endorsed by the European Union:

<u>Standard / Interpretation</u>	<u>Applicable in the European Union in the years starting on or after</u>	<u>Brief description</u>
Amendments to IFRS 9, IAS 39 and IFRS 7 - Phase 2 - benchmark interest rate reform (IBOR Reform)	01-jan-21	Corresponds to additional amendments to IFRS 9, IAS 39 and IFRS 7, issued on August 27, 2020, related to the second phase of the benchmark interest rate reform project (known as "IBOR reform"), concerning changes to benchmark interest rates and the impacts at the level of modifications to financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.
Amendment to IFRS 4 Insurance Contracts - Deferral of IFRS 9	01-jan-21	Corresponds to an amendment to IFRS 4 that extends the deferral of application of IFRS 9 to initial years on or after January 1, 2023.

These standards, although endorsed by the European Union, were not adopted by the Group in 2020, since their application is not mandatory. It is not expected that the future adoption of the referred amendments to have significant impacts on the consolidated financial statements.

Other standards

The following accounting standards and interpretations have been issued by the IASB and are not yet endorsed by the European Union:

Standard / Interpretation	Applicable in the European Union in the years starting on or after	Brief description
IFRS 17 - Insurance Contracts	01-jan-23	This standard establishes, for insurance contracts within its scope, the principles for their recognition, measurement, presentation and disclosure. This standard replaces IFRS 4 - Insurance Contracts.
Amendment to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current and Non-Current	01-jan-23	This amendment published by the IASB clarifies the classification of liabilities as current and non-current by analyzing the contractual conditions existing at the reporting date.
Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements 2018-2020	01-jan-22	<p>These amendments correspond to a set of updates to the various standards mentioned, namely</p> <ul style="list-style-type: none"> - nomeadamente - IFRS 3 - updated the reference to the 2018 conceptual framework; additional requirements for analyzing liabilities under IAS 37 or IFRIC 21 at the acquisition date; and explicit clarification that contingent assets are not recognized in a business combination. - IAS 16 - prohibition of deducting from the cost of a tangible asset income related to the sale of products before the asset is available for use - IAS 37 - clarification that the costs of fulfilling a contract correspond to costs directly related to the contract - Annual improvements 2018-2020 correspond essentially to amendments to 4 standards, IFRS 1, IFRS 9, IFRS 16 and IAS 41

These standards have not yet been endorsed by the European Union and as such were not applied by the Group in the year ended 31 December 2020.

For these standards and interpretations, issued by the IASB but not yet endorsed by the European Union, the Board of Directors does not consider that significant impacts on the consolidated financial statements will arise for their future adoption.

4. COMPANIES INCLUDED IN THE CONSOLIDATION

Companies included in the consolidation

The companies included in the consolidation, their registered offices, the method of consolidation adopted and the proportion of the capital effectively held on 31st December 2020 and 2019 are the following:

Name	Head office	Method of Consolidation	Effective percentage of the capital held	
			Dec-20	Dec-19
Estoril-Sol, SGPS, S.A.	Estoril	Integral	Holding. Co.	Holding. Co.
Estoril-Sol (III) - Turismo, Animação e Jogo, S.A.	Estoril	Integral	100	100
Varzim Sol - Turismo, Jogo e Animação, S.A.	Póvoa de Varzim	Integral	100	100
Estoril-Sol V - Investimentos Imobiliários, S.A.	Estoril	Integral	100	100
DTH - Desenvolvimento Turístico e Hoteleiro, S.A.	Estoril	Integral	100	100
Estoril-Sol Imobiliária, S.A.	Estoril	Integral	100	100
Estoril-Sol - Investimentos Hoteleiros, S.A.	Estoril	Integral	100	100
Estoril Sol e Mar - Investimentos Imobiliários, S.A.	Estoril	Integral	100	100
Estoril-Sol Digital, Online Gaming Products and Services, S.A. (a)	Estoril	Integral	50	50
Estoril-Sol Internacional, S.A. (b)	Estoril	Integral	100	100
Estoril-Sol Capital Digital, S.A. (c)	Estoril	Integral	100	n/a

- (a) The activity of Estoril-Sol Digital began with the attribution of the license to operate games of change online in July 2016. The scope of the activity of exploring online games, which it intends to carry out through its subsidiary Estoril-Sol Digital, Online Gaming Products and Services, S.A., Estoril-Sol (III) Animação e Jogo, S.A., a company held by the issuer, entered into an association agreement in July 2016 with Vision Gaming Holding Limited, based in Malta, whereby it became the holder of a minority interest, corresponding to 49.9998% of the capital stock of Estoril-Sol Digital, while Estoril-Sol (III) S.A. holds a majority of the capital and voting rights in said company. The association agreement foresaw the investment in the capital of Estoril-Sol Digital corresponding to 50% with the renewal of the online casino license, which happened on July 24, 2019. As at December 31, 2019, Estoril Sol (III) and Vision Gaming Holding Limited both hold a share corresponding to 50% of Estoril Sol Digital's equity. Nevertheless, Estoril Sol (III) maintains the right to nominate the Board of Directors Chairman, allowing the Group to have the control of the operations.
- (b) During the year ended on December 31, 2019, Estoril Sol, SGPS, SA, constituted a new company, Estoril Sol Internacional, S.A., whose area of activity will be the management of projects / operations in international markets, still under study and analysis as of the date of these consolidated financial statements.
- (c) During the year ended December 31, 2020, Estoril Sol, SGPS, S.A., constituted a new company, Estoril Sol Capital Digital, S.A., whose area of activity will be the management of the Group's online operations. In October 2020, this company acquired from Estoril Sol (III) the investment held in Estoril Sol Digital, Online Gaming Products and Services, S.A.. The referred transaction had no impact on the consolidated accounts.

5. REPORTING BY SEGMENTS

The segments reportable by the Group are based on the identification of the segments according to the financial information that is internally reported to the Board of Directors and which serves as support for the same in the evaluation of business performance and in taking decisions regarding the allocation of resources to be used. The segments identified by the Group for segment reporting are thus consistent with the manner in which the Board of Directors analyzes its business, corresponding to the concession of the operation "Estoril Game Concession" which includes the Estoril and Lisbon Casinos, "Póvoa de Varzim Game Concession", which includes the Póvoa Casino, the license to explore online games by Estoril-Sol Digital, the "Licence for Online Gambling" and the "Other" segment, which essentially includes the effects of Estoril-Sol, SGPS, S.A. and the other operating activities of the Group.

As of December 31 2020 and 2019, the information by business segment, is as follows:

	December - 2020						
	Estoril Gaming Zone			Póvoa Gaming Zone	License for Online Gambling	Other	Total
	Estoril Casino	Lisboa Casino	Sub-Total	Póvoa Casino	Casino Online		
Operating revenue	17 911 610	20 024 371	37 935 981	12 364 574	28 459 003	-	78 759 557
Result of the segment	(14 684 196)	(6 616 705)	(21 300 901)	(5 146 227)	14 832 814	(1 296 950)	(12 911 264)
Net assets	12 933 355	58 653 347	71 586 701	12 315 559	23 593 097	20 163 895	127 659 252
Net liabilities	6 239 806	8 188 014	14 427 821	14 597 730	8 003 283	6 024 341	43 053 175
Investment assets							
- tangible fixed (Note 14)	117 229	155 853	273 082	200 758	210 025	-	683 865
- intangible (Note 16)	-	-	-	-	12 000	-	12 000
- right-of-use (Note 17)	43 551	43 551	87 102	36 118	-	5 548	128 768
- tax deductions on investments (Note 15)	24 235	691	24 926	9 462	-	-	34 388
Depreciation and amortization (Note 10)	(9 679 538)	(4 917 538)	(14 597 076)	(4 092 814)	(171 611)	(22 760)	(18 884 261)
Impairments (Note 16 and 21)	(2 568 312)	(1 896 804)	(4 465 116)	-	(223)	-	(4 465 339)
Provisions increases (Note 27)	(239 500)	(239 500)	(479 000)	(442 986)	-	-	(921 986)
Provisions reversals (Note 27)	476 913	476 913	953 826	135 295	-	-	1 089 121
Indemnities - included in "Personnel costs" (Note 9)	95 849	-	95 849	-	-	-	95 849
Average number of employees (Note 9)	347	315	661	251	28	25	965

	December - 2019						
	Estoril Gaming Zone			Póvoa Gaming Zone	License for Online Gambling	Other	Total
	Estoril Casino	Lisboa Casino	Sub-Total	Póvoa Casino	Casino Online		
Operating revenue	37 356 854	43 673 964	81 030 818	19 228 742	20 061 559	-	120 321 119
Result of the segment	249 375	14 481 244	14 730 618	(8 304 748)	9 167 513	(1 098 222)	14 495 161
Net assets	47 315 918	63 979 616	111 295 534	24 405 597	25 625 865	9 223 214	170 550 210
Net liabilities	9 580 627	18 167 587	27 748 214	21 547 529	12 669 740	5 003 386	66 968 869
Investment assets							
- tangible fixed (Note 14)	325 781	193 001	518 782	1 176 919	9 092	-	1 704 793
- intangible (Note 16)	-	-	-	-	12 000	-	12 000
- right-of-use (Note 17)	127 747	20 240	147 987	65 922	200 961	203 385	618 255
- tax deductions on investments (Note 15)	147 228	67 084	214 312	548 213	-	-	762 525
Depreciation and amortization (Note 10)	(7 059 718)	(6 873 935)	(13 933 653)	(5 221 336)	(114 919)	-	(19 269 908)
Impairments (Notes 16 and 21)	19 855	-	19 855	(4 177 014)	-	-	(4 157 159)
Provisions increases (Note 27)	-	-	-	(976 995)	-	-	(976 995)
Provisions reversals (Note 27)	-	-	-	41 440	-	-	41 440
Indemnities - included in "Personnel costs" (Note 9)	186 888	145 773	332 661	61 796	-	-	394 457
Average number of employees (Note 9)	351	318	669	260	28	25	982

Segment revenues arise from transactions with external customers. There are no transactions between segments. The accounting policies used in the preparation of the presented financial information by segment are consistent with those used in the preparation of the Group's consolidated financial statements.

6. OPERATING INCOME BY NATURE

The consolidated operating income, in the years ended on 31st December 2020 and 2019, is detailed as follows:

Nature	December - 2020					
	Estoril Game Concession		Sub-Total	Póvoa Game Concession	License for Online Gambling	Total
	Estoril Casino	Lisboa Casino		Póvoa Casino	Casino Online	
Gaming revenues:						
- Slot Machines	21 276 196	31 573 326	52 849 522	20 041 226	33 659 742	106 550 490
- Table based gaming	8 716 845	6 844 382	15 561 227	3 144 681	5 598 542	24 304 450
- Sports betting	-	-	-	-	12 456 726	12 456 726
- Bonuses and other fair value adjustments	(81 198)	(123 026)	(204 224)	(17 187)	(7 412 966)	(7 634 377)
	<u>29 911 843</u>	<u>38 294 682</u>	<u>68 206 525</u>	<u>23 168 720</u>	<u>44 302 044</u>	<u>135 677 289</u>
Gaming taxes:						
- Special Gaming Tax (current)	(14 996 521)	(19 208 854)	(34 205 375)	(11 592 954)	(15 843 122)	(61 641 450)
- Annual Gaming Tax (difference to minimum grant)	-	-	-	-	-	-
	<u>(14 996 521)</u>	<u>(19 208 854)</u>	<u>(34 205 375)</u>	<u>(11 592 954)</u>	<u>(15 843 122)</u>	<u>(61 641 450)</u>
Government Grants/Subsidies						
- Social Security - Lay-Off	401 863	320 475	722 338	325 170	-	1 047 508
- IAFP - Extraordinary incentive to resume activity	226 610	226 610	453 220	155 575	-	608 795
	<u>628 473</u>	<u>547 085</u>	<u>1 175 558</u>	<u>480 745</u>	<u>-</u>	<u>1 656 303</u>
Other operating revenues:						
- F&B and Entertainment	1 834 323	383 884	2 218 207	263 360	-	2 481 567
- Tax deductions - Entertainment	490 048	-	490 048	-	-	490 048
- Supplementary income	42 281	5 477	47 757	18 760	-	66 517
- Other	1 163	2 098	3 260	25 942	81	29 283
	<u>2 367 814</u>	<u>391 458</u>	<u>2 759 272</u>	<u>308 062</u>	<u>81</u>	<u>3 067 415</u>
	<u>17 911 610</u>	<u>20 024 371</u>	<u>37 935 981</u>	<u>12 364 574</u>	<u>28 459 003</u>	<u>78 759 557</u>

Nature	December - 2019					
	Estoril Game Concession		Sub-Total	Póvoa Game Concession	License for Online Gambling	Total
	Estoril Casino	Lisboa Casino		Póvoa Casino	Casino Online	
Gaming revenues:						
- Slot Machines	46 323 414	68 308 578	114 631 992	39 190 231	27 258 702	181 080 925
- Table based gaming	16 477 260	16 373 146	32 850 406	6 125 061	4 278 358	43 253 825
- Sports betting	-	-	-	-	13 274 654	13 274 654
- Bonuses and other fair value adjustments	(105 740)	(261 641)	(367 381)	(38 910)	(6 067 520)	(6 473 811)
	62 694 934	84 420 083	147 115 017	45 276 382	38 744 194	231 135 593
Gaming taxes:						
- Special Gaming Tax (current)	(31 400 337)	(42 340 862)	(73 741 199)	(22 657 646)	(18 684 236)	(115 083 081)
- Annual Gaming Tax (difference to minimum grant)	-	-	-	(5 032 562)	-	(5 032 562)
	(31 400 337)	(42 340 862)	(73 741 199)	(27 690 208)	(18 684 236)	(120 115 643)
Other operating revenues:						
- F&B and Entertainment	4 700 616	717 258	5 417 873	1 154 697	-	6 572 570
- Tax deductions - Entertainment	1 127 358	846 817	1 974 175	453 153	-	2 427 328
- Supplementary income	227 465	28 293	255 758	16 476	-	272 234
- Other	6 818	2 375	9 193	18 242	1 601	29 036
	6 062 257	1 594 743	7 657 000	1 642 568	1 601	9 301 169
	37 356 854	43 673 964	81 030 818	19 228 742	20 061 559	120 321 119

Special Gaming Tax:

The Special Gaming Tax is applied to the revenues from the gaming activity carried out by Estoril-Sol (III) - Turismo, Animação e Jogo, S.A which currently runs the Estoril Casino and Lisbon Casino, and by Varzim-Sol - Turismo, Jogo e Animação, S.A. which operates the Póvoa de Varzim Casino.

In accordance with clause 7 of the Notice of the Ministry of the Economy, represented by the Inspectorate-General for Gaming, of 14 December 2001, published in the III Series of the Diário da República no. 27 of 01 February 2002, the concessionaire is obliged to pay a special tax for operating gaming activities, with no other general or local tax being payable relating to the exercise of this activity or any other which it is required to under this contract, with the respective collection and payment being performed pursuant to articles 84 and following of Decree Law no. 422/89 (Note 28).

In this regard, the activities undertaken by these companies are not subject to Corporate Income Tax (IRC).

Remnant calculated on the minimum consideration:

The Decree Law nº 29/88 of 3 August, down in paragraph 1 of Article 3, the concessionaire is obliged to pay an annual payment amounting to 50% of the gross gaming revenues. This payment cannot be, under any circumstances, lower than the values in the table attached to that Decree Law.

As of the fifteen-year extension of the Game Concession Agreement, through Decree-Law no. 275/2001 of December 14, 2001, it was published in the table annexed to said Decree-Law, the value of the annual minimum consideration amounts, at 2000 prices.

At the beginning of 2015 Decree-Regulatory No. 1/2015 of January 21 approved the payment in instalments of the amounts of the annual minimum consideration amounts calculated based on Decree-Law No. 275/2001, upon prior approval by the Gaming Regulation and Inspection Service of the Portugal Institute of Tourism of a payment plan proposed by the Game Concessionaires. Decree Regulatory No. 1/2015 of January 21 was applied for the first time to the amounts of the minimum consideration for the year 2014, since they initially had as payment deadline the day of January 31, 2015.

The approval of the payment plans implies the payment by the Concessionaires of the gaming zones of the amount corresponding to the percentage of the gross revenue contractually fixed as an annual counterpart in the case of Varzim-Sol 50%, plus 10% of that percentage, thus setting the effective annual rate of a annual consideration of Varzim-Sol in 55% of gross revenue.

Regarding the amounts calculated as a minimum counterparty according to Decree-Law no. 275/2001, it should be added that at the beginning of 2013, and after unanimous deliberation at the Portuguese Casinos Association, the Group's operating companies attempted against the State's legal actions aimed at restoring the economic and financial balance of concessions. Such a request is based, among other reasons, on the fact that the State, through actions and omissions, gave rise to changes in the circumstances that were the basis of the negotiation of the concessions. Of note is the fact that it was assumed in the basis of calculation of taxes to be paid by the concessionaires a continuous and accentuated increase of revenues throughout the concession period. Although this proposal was not verified, due to the economic situation and also as a consequence of the State's attitude towards online gambling and clandestine gambling, among others, it continued to demand the payment of very high taxes, calculated on revenues that they did not obtained.

Thus, there was no alternative to the concessionaires other than to challenge all tax assessments submitted to them before the competent Administrative and Tax Courts (2013 inclusive), and to that end, presented the necessary judicial guarantees. However, at the date of approval of these financial statements, and despite the fact that the Group has challenged all the tax assessments submitted to it, they are settled, except for the debt relating to the minimum consideration for the year ended December 31, 2014, which is being paid in accordance with the aforementioned payment plan, and the Group or any of its subsidiaries, for this same reason at the date of approval of these financial statements have no outstanding debt to the Portuguese State related to the Game Tax (Note 28).

Regarding the year ended December 31, 2020, according to their express intention and within the scope of what is being requested, the Game Concessionaires, Estoril-Sol (III) - Turismo, Animação e Jogo, S.A. and Varzim-Sol - Animação, Turismo e Jogos, S.A., by order of the State Secretary for Tourism, were exempted from the payment of the minimum annual consideration as predicted in the respective concession contracts for the year 2020 and exempted from complying with the obligations arising from articles 16 (tourist obligations) and 17 (financial autonomy ratio) both of Decree-Law no. 422/89. The same order does not recognize the existence of a tax credit in the amount of 4,431,585.04 Euros in favour of Estoril-Sol (III) - Turismo, Animação e Jogos, S.A (Note 22). The Group claims the recognition of this tax credit under paragraph 1 of Clause 5 of the Concession Contract for the permanent Estoril gaming zone. The amount of the tax credit was determined by the Gaming Concessionaire, Estoril-Sol (III), and by the Portuguese Regulator (SRIJ), within the scope of the determination of the annual consideration for the year 2020, and it is detailed as follows:

Casino Estoril – 2.534.781,50 Euros;
Casino Lisboa – 1.896.803,54 Euros;

7. COST OF SALES

In the years ended on 31st December 2020 and 2019, this caption is broken down as follows:

	2020			Total
	Goods	Finished and intermediate products	Raw materials and consumables	
Opening balance (Note 20)	6 033 636	3 285 982	339 443	9 659 061
Purchases	-	47 150	982 873	1 030 023
Adjustments	(6)	-	(14 709)	(14 715)
Closing balance (Note 20)	6 033 630	3 333 132	277 609	9 644 371
Cost of goods sold and materials consumed	-	-	1 029 998	1 029 998

	2019			Total
	Goods	Finished and intermediate products	Raw materials and consumables	
Opening balance	6 033 642	3 285 982	353 972	9 673 596
Purchases	239	-	3 107 148	3 107 387
Adjustments	-	-	(106 109)	(106 109)
Closing balance (Note 20)	6 033 636	3 285 982	339 443	9 659 061
Cost of goods sold and materials consumed	245	-	3 015 568	3 015 813

8. SUPPLIES AND SERVICES

In the years ended on 31st December 2020 and 2019, "Supplies and services" were as follows:

	2 020	2019
Advertising	6 358 219	5 836 616
Fees	5 368 495	4 240 722
Gifts to customers	2 800 988	5 206 965
Subcontracts	2 571 714	4 642 117
Conservation and repairs	2 544 800	2 837 227
Cleaning and laundry	2 467 460	2 631 437
Financial services (comissions)	2 275 930	2 261 814
Energy and other fluids	2 233 987	3 042 540
Specialized work	1 785 084	2 504 075
Royalties	1 567 454	2 030 323
Surveillance and security	1 486 223	2 093 210
Rents	648 774	1 080 488
Insurance	564 472	577 174
Communication	344 018	379 250
Travel and hotels	143 429	275 283
Other	841 247	941 135
	<u>34 002 293</u>	<u>40 580 376</u>

As at 31 December 2020 and 2019, the item "Supplies and external services" includes expenses with related parties in the amount of 4,782,668 Euros and 3,047,770 Euros, respectively (Note 34).

9. PERSONNEL COSTS

In the years ended 31 December 2020 and 2019, the caption "Personnel costs" is detailed as follows:

	Dec - 2020	Dec - 2019
Remuneration of governing bodies (Note 33)	2 735 551	2 981 814
Remuneration of staff	21 660 278	23 641 994
Indemnities	317 516	394 457
Charges on remuneration	5 191 251	6 004 366
Insurance	195 803	217 498
Social charges	1 203 286	1 352 534
Post-employment benefits (Note 27)	123 000	131 000
Other	247 222	341 556
	<u>31 673 907</u>	<u>35 065 219</u>

During the years ended on 31 December 2020 and 2019, the average number of staff in the service of the Group was 965 and 982 employees, respectively.

10. DEPRECIATION AND AMORTIZATION

In the years ended on 31st December 2020 and 2019, the Group recognized the following depreciation and amortizations presented as follows:

	2020	2019
Tangible fixed assets (Note 14)		
Reversible to the State	11 113 435	11 154 510
Non-reversible to the State	2 364 374	2 117 116
Tax deductions on investments (Note 15)	(4 489 053)	(4 728 321)
Net	8 988 756	8 543 305
Intangible assets (Note 16)	9 481 970	10 400 431
Right of use assets (Note 17)	407 984	320 621
Investment properties (Note 18)	5 551	5 551
	18 884 261	19 269 908

Additionally, the following amounts of expenses related to right-of-use assets were recognized in 2020 and 2019:

	2020	2019
Expenses related to short-term leases (Note 8)	648 774	1080 488
Financial expenses with lease liabilities (Note 12)	129 747	147 845
	778 521	1228 333

As of December 31, 2020, the Group is committed to short-term leases in the amount of approximately 347,000 Euros (312,000 Euros in 2019).

11. OTHER OPERATING EXPENSES

In the years ended 31 December 2020 and 2019, the caption "Other operating expenses" is detailed as follows:

	2020	2019
Offer of own goods and services	656 363	1 840 849
Quotas	119 793	146 328
Donations	97 971	195 284
Sundries expenses	93 734	99 734
Other taxation and rates	88 351	121 372
Losses in inventories	19 075	5 338
Write-off of tangible fixed assets	7 499	294
Outros	298 200	365 548
	1 380 986	2 774 747

12. FINANCIAL EXPENSES AND FINANCIAL INCOME

The captions "Financial expenses and Financial income" for the years ended 31 December 2020 and 2019 are as follows:

Financial Costs	Dec - 2020	Dec - 2019
Interest borne:		
Financing from banks (a)	(186 792)	(170 958)
Finance and operating leasing (b)	(129 747)	(147 845)
	<u>(316 539)</u>	<u>(318 803)</u>
Financial Income	Dec - 2020	Dec - 2019
Interests from bank deposits	3 667	8 543
Exchange gains	4 219	15 843
Other	18 096	30 049
	<u>25 981</u>	<u>54 435</u>
Net financial costs	<u>(290 558)</u>	<u>(264 368)</u>

(a) During the years ended December 31, 2020 and 2019, the Group did not bear financial charges with qualifying assets that could be capitalized, so that said charges were recognized in the income statement when incurred.

(b) As of December 31, 2020 and 2019, the respective item includes financial expenses related to lease liabilities.

13. INCOME TAX OF THE YEAR

The Group is subject to corporation income tax at the rate of 21% plus a Municipal Surcharge of 1.5% of taxable income, resulting in a maximum aggregate tax rate of 22.5%, under the terms of article 87-A of the Corporation Income Tax Code at the following rates:

- 3% for taxable profit between 1,500,000 Euros and 7,500,000 Euros;
- 5% for taxable profit between 7,500,000 Euros and 35,000,000 Euros;
- 9% for taxable profit exceeding 35,000,000 Euros.

In addition, net finance costs for 2020 and following years are deductible for determining annual taxable income according with the greater of the following limits:

- 1,000,000 Euros;
- 30% of the profit before amortization and depreciation, net finance costs and taxes.

Net finance costs considered to be excessive in a given tax period may be deductible over the following five periods, after the net financing costs for that period, provided that they do not exceed the above mentioned limits.

On the other hand, when the financing expenses deducted are less than the 30% limit of profit before depreciation, net financing expenses and taxes, the unused part is added for the purposes of determining the maximum deductible amount, up to the following fifth taxation period.

Pursuant to article 88 of the CIRC, the Company is also subject to autonomous taxation on a set of charges at the rates provided for in the mentioned article.

In accordance with legislation in force, the tax declarations are subject to revision and correction by the tax authorities during a period of four years (five years for the Social Security), except when there have been tax losses, tax benefits have been granted, or inspections, complaints or objections are under way, in which cases, depending on the circumstances, deadlines for filing such statements are extended or suspended. In this way, the Company's tax declarations of the years from 2017 to 2020 could still be subject to revision.

The cost of taxation on income on 31st December 2020 and 2019 is broken down as follows:

	2020	2019
Pre-Tax Profit	(12 800 650)	14 609 975
Write-off of the Result of Companies exempt from IRC and subject to the Special Gaming Tax	7 183 072	(15 823 011)
Pre-Tax Profit of the Companies (REGTS)	(5 617 578)	(1 213 036)
Non-deductible costs		
Other non-deductible costs	278 188	262 582
	278 188	262 582
Other non-taxable income	(235 070)	(235 070)
	(235 070)	(235 070)
Result for tax purposes	(5 574 460)	(1 185 524)
Nominal tax rate	21%	21%
	(1 170 637)	(248 960)
Non-registered assets	1 170 637	248 960
Autonomous taxation	110 614	114 814
Income tax of the year	110 614	114 496
Effective tax rate	-0,9%	0,8%

(a) Deferred tax assets relating to reportable tax losses were not recognized, since the Group does not expect to report subsequent taxable profits that allow the recovery of those assets.

The deduction of reportable tax losses is limited to 70% of taxable profit and this rule applies to deductions made in tax periods beginning on or after 1 January 2012, irrespective of the periods in which they were established.

As of December 31, 2020 and 2019, the reportable tax losses amounted to 7,492,880 Euros and 6,350,005 Euros respectively, and were generated as follows:

Generated in	Limit:	2020	2019
2015	2029	1 191 504	1 191 504
2016	2030	2 446 413	2 446 413
2017	2024	746 153	746 153
2018	2025	780 411	780 411
2019	2026	1 185 524	1 185 524
2020	2032	1 142 875	n.a.
		<u>7 492 880</u>	<u>6 350 005</u>

14. TANGIBLE FIXED ASSETS

As a result of the concession contract for the operation of gambling in the Estoril and Póvoa gaming zones, part of the Group's tangible fixed assets are reversible to the Portuguese State, essentially the assets related to gambling equipment and related assets to the Casinos of the Estoril and Póvoa gaming concession.

Tangible fixed assets reversible to the State

During the years ended on 31st December 2020 and 2019, the movement in tangible assets, as well as in the respective depreciation and accumulated impairment losses, was as follows:

Year 2020 - Tangible fixed assets revertible to the State					
	Buildings and other constructions	Basic equipment	Office equipment	Other tangible fixed assets	Total
Gross amount:					
Opening balance	135 852 811	113 506 330	2 833 181	60 674	252 252 996
Acquisitions	-	124 531	3 688	-	128 219
Write-off	(11 670)	(2 981 763)	(6 370)	-	(2 999 803)
Closing balance	<u>135 841 141</u>	<u>110 649 098</u>	<u>2 830 499</u>	<u>60 674</u>	<u>249 381 412</u>
Depreciation and accumulated impairment losses:					
Opening balance	126 651 820	102 780 445	2 744 202	60 674	232 237 141
Depreciation of the year (Note 10)	4 727 592	6 334 217	51 626	-	11 113 435
Write-off	(7 972)	(2 978 345)	(5 983)	-	(2 992 300)
Closing balance	<u>131 371 440</u>	<u>106 136 317</u>	<u>2 789 845</u>	<u>60 674</u>	<u>240 358 276</u>
Net amount	<u>4 469 702</u>	<u>4 512 781</u>	<u>40 655</u>	<u>-</u>	<u>9 023 138</u>

In the years ended 2020 and 2019, the item "Buildings and other constructions" essentially includes works and improvements related to the buildings where the casinos operated by the Group operate.

In the years ended 2020 and 2019, the item "Basic Equipment" refers essentially to the gambling equipment used in casinos operated by the Group.

The additions verified in the year of 2020 essentially consist of the acquisition of new gaming equipment for Casino do Estoril, with the purpose to replace damage equipment without possible repair.

During 2020, several write-off of gaming equipment and support for the operations of Casino da Póvoa were carried out. These write-offs essentially refer to fully depreciated equipment that was technologically obsolete.

Year 2019 - Tangible fixed assets revertible to the State

	Buildings and other constructions	Basic equipment	Office equipment	Other tangible fixed assets	Fixed assets in progress	Total
Gross amount:						
Opening balance	135 900 543	116 376 792	2 850 907	60 674	27 750	255 216 666
Acquisitions	-	1 468 748	10 701	-	-	1 479 449
Adjustments / Transfers	-	(19 676)	-	-	(27 750)	(47 426)
Write-off	(47 732)	(4 319 534)	(28 427)	-	-	(4 395 693)
Closing balance	135 852 811	113 506 330	2 833 181	60 674	-	252 252 996
Depreciation and accumulated impairment losses:						
Opening balance	122 491 281	100 207 485	2 718 592	60 674	-	225 478 032
Depreciation of the year	4 208 271	6 892 251	53 988	-	-	11 154 510
Write-off	(47 732)	(4 319 291)	(28 378)	-	-	(4 395 401)
Closing balance	126 651 820	102 780 445	2 744 202	60 674	-	232 237 141
Net amount	9 200 991	10 725 885	88 979	-	-	20 015 856

The additions verified in 2019 consist, essentially, on the acquisition of new gaming equipment aiming the partial renovation of the Casino da Póvoa current slot machine park. Thus, 42 new slot machines were acquired for the referred Casino. These acquisitions are part of the policy for the renewal of gaming equipment as the Group slaughter gaming equipment in the same period.

During 2019, several write-off of gaming equipment and support for the operations of Casino do Estoril were carried out. These write-offs essentially refer to fully depreciated equipment that was technologically obsolete.

Tangible fixed assets non-revertible to the State

During the years ended December 31, 2020 and 2019, movements in Tangible fixed assets not reversible as follows:

Year 2020 - Tangible fixed assets non-revertible to the State

	Land	Buildings and other constructions	Basic equipment	Vehicles	Office equipment	Other tangible fixed assets	Fixed assets in progress	Total
Gross amount:								
Opening balance	16 513 836	61 578 288	9 913 099	20 744	1 426 450	21 618	13 106	89 487 141
Acquisitions	-	-	469 507	-	42 479	-	43 661	555 647
Adjustments / Transfers	-	-	13 116	-	-	-	(13 116)	-
Write-off	-	-	(120 759)	-	(5 160)	-	-	(125 919)
Closing balance	16 513 836	61 578 288	10 274 963	20 744	1 463 769	21 618	43 651	89 916 869
Depreciation and accumulated impairment losses:								
Opening balance	-	28 713 969	7 657 470	20 744	1 350 932	20 685	-	37 763 800
Depreciation of the year (Note 10)	-	1 217 098	1 080 128	-	67 148	-	-	2 364 374
Write-off	-	-	(120 618)	-	(5 160)	-	-	(125 778)
Closing balance	-	29 931 067	8 616 980	20 744	1 412 920	20 685	-	40 002 396
Net amount	16 513 836	31 647 221	1 657 983	-	50 849	933	43 651	49 914 473

The caption "Land and natural resources" and "Buildings and other constructions" consist essentially of the building and land regarding to the Casino de Lisboa, which is not reversible to the State at the end of the concession.

Year 2019 - Tangible fixed assets non-revertible to the State

	Land	Buildings and other constructions	Basic equipment	Vehicles	Office equipment	Other tangible fixed assets	Fixed assets in progress	Total
Gross amount:								
Opening balance	16 513 836	61 578 288	9 596 606	20 744	1 499 669	21 618	579 550	89 810 311
Acquisitions	-	-	177 987	-	5 830	-	41 527	225 344
Adjustments / Transfers	-	-	481 939	-	-	-	(607 971)	(126 032)
Write-off	-	-	(343 433)	-	(79 049)	-	-	(422 482)
Closing balance	16 513 836	61 578 288	9 913 099	20 744	1 426 450	21 618	13 106	89 487 141
Depreciation and accumulated impairment losses:								
Opening balance	-	27 451 157	7 241 547	20 744	1 334 975	20 685	-	36 069 108
Depreciation of the year	-	1 262 812	759 298	-	95 006	-	-	2 117 116
Write-off	-	-	(343 375)	-	(79 049)	-	-	(422 424)
Closing balance	-	28 713 969	7 657 470	20 744	1 350 932	20 685	-	37 763 800
Net amount	16 513 836	32 864 319	2 255 629	-	75 518	933	13 106	51 723 342

Transfers of tangible fixed assets in progress for firm tangible fixed assets that occurred in 2019, in the amount of 608,000 Euros, relate to the identification of players and control access equipment to the gaming areas, acquired at the end of the 2018 exercise, aiming to the implementation the Anti-Money Laundering Law, as mentioned below.

15. TAX DEDUCTIONS ON INVESTMENT

During the year ended on 31st December 2020 and 2019, the Company benefited from the following tax deductions on investments:

Tax deductions on investments	Dec - 2020			
	Opening Balance	Investment year	Income of the year (Note 10)	Closing Balance
Estoril Casino	1 609 735	24 235	(1 633 970)	-
Lisboa Casino	1 265 999	691	(1 266 690)	-
Póvoa de Varzim Casino	5 343 662	9 462	(1 588 393)	3 764 731
	8 219 396	34 388	(4 489 053)	3 764 731

Tax deductions on investments	Dec - 2019			
	Opening Balance	Investment year	Income of the year (Note 10)	Closing Balance
Estoril Casino	3 180 477	147 228	(1 717 970)	1 609 735
Lisboa Casino	2 647 970	67 084	(1 449 054)	1 265 999
Póvoa de Varzim Casino	6 356 746	548 213	(1 561 297)	5 343 662
	12 185 193	762 525	(4 728 321)	8 219 396

The attribution of tax deductions against the Special Gaming Tax payable is exclusively related to the acquisition of gaming equipment, being necessary to obtain the prior authorization of the Gaming Regulation and Inspection Service.

16. INTANGIBLE ASSETS

During the years ended on 31st December 2020 and 2019, the movement in intangible assets, as well as in the respective amortization and accumulated impairment losses, was as follows:

	Dec - 2020	Dec - 2019
	Gaming Concession Rights	Gaming Concession Rights
Gross amount		
Opening balance	260 638 564	260 662 564
Acquisitions	12 000	12 000
Disposals (a)	(14 000)	(36 000)
Closing balance	260 636 564	260 638 564
Amortization and accumulated impairment losses:		
Opening balance	247 142 754	232 601 309
Impairments	-	4 177 014
Disposals (a)	(14 000)	(36 000)
Amortization of the year (Note 10)	9 481 970	10 400 431
Closing balance	256 610 724	247 142 754
Net assets	4 025 840	13 495 810

The breakdown of intangible assets on 31st December 2020 and 2019 is as follows:

	December - 2020		
	Gross Assets	Accumulated Amortization	Net Assets
Estoril Gaming Concession			
- Casino Estoril	153 576 455	(153 576 455)	-
- Casino Lisboa	30 000 000	(30 000 000)	-
Póvoa Gaming Concession - Casino da Póvoa	77 034 109	(73 026 260)	4 007 849
	260 610 564	(256 602 715)	4 007 849
Intangible assets - Online gaming license (a)	14 000	(6 376)	7 624
Intangible assets - Online sports betting (a)	12 000	(1 633)	10 367
	260 636 564	(256 610 724)	4 025 840
	December - 2019		
	Gross Assets	Accumulated Amortization	Net Assets
Estoril Gaming Concession			
- Casino Estoril	153 576 455	(147 626 531)	5 949 924
- Casino Lisboa	30 000 000	(27 812 807)	2 187 193
Póvoa Gaming Concession - Casino da Póvoa	77 034 109	(71 690 444)	5 343 665
	260 610 564	(247 129 782)	13 480 782
Intangible assets - Online gaming license (a)	14 000	(1 734)	12 266
Intangible assets - Online sports betting (a)	14 000	(11 238)	2 762
	260 638 564	(247 142 754)	13 495 810

(a) The Portuguese Gaming Regulation and Inspection Service, at meetings held on July 25, 2016 and August 4, 2017, respectively, decided under the Legal Regime of Games and Online Betting (RJO), approved by Decree-Law nº 66/2015, on April 29, assign to Estoril-Sol Digital, Online Gaming Products and Services, S.A., a license to Online Gambling exploration and a license to Sports Betting exploration, which are operating under the domain www.estorilsolcasinos.pt, "ESC Online". These licenses shall be valid for an initial period of three years from the date of issue, expiring on July 24, 2019 and August 3, 2020, respectively, if not renewed, under the terms and conditions set forth in the RJO. The Group started to operate the online gaming activity through its website mentioned above on the same day of the license assignment and on August 6, 2017, respectively. During the year ended December 31, 2019, the Group renewed the license to operate online gambling, for an additional period of 3 years (Note 1), for the amount of 12,000 Euros, valid until July 24, 2022, if it is not extended under the terms and conditions set out in the RJO.

During the year ended December 31, 2020, the Group renewed the license to operate sports betting, for an additional period of 3 years (Note 1), for the amount of 12,000 Euros, valid until August 3, 2023, if it is not extended under the terms and conditions set out in the RJO.

The gaming concession premium have a finite useful life, being fully amortized at the end of 2020, with respect to the gaming concession of Estoril, and at the end of 2023 with respect to the gaming concession of Póvoa de Varzim (Note 3).

Estoril Gaming Zone

The concession premium for the Estoril Gaming Zone is amortized until the year in which it expires, that is, intangible assets are being depreciated until 2020 according to the method of constant quotas with duodecimal imputation.

Just at the end of the fiscal year 2020, Decree-Law nº 106-A / 2020 of December 30, 2020 extended the concession contract for the Estoril gaming zone until December 31, 2021.

As of this date, the terms and conditions of the public tender's specifications for the award of the new Game concession in Estoril's permanent game zone are not yet known. The shareholder structure of Estoril-Sol (III), and the respective Board of Directors, remains expectant as to the launch of the public tender, and their intention is to compete for the new game concession for the Estoril's permanent Game Zone.

It is, therefore, in this spirit, that the Board of Directors declares itself committed to maintaining the new game concession in the game zone of Estoril, believing that the financial strength of the concessionaire, supported, if necessary, by the bank partners with whom it has always had a fruitful relationship, will be enough to continue to lead the sector of physical casino games in Portugal.

Póvoa de Varzim Gaming Zone

In the year ended December 31, 2019, as a result of the level of revenues and results verified at Casino da Póvoa, the Group predicted the recovery value of the assets allocated to Varzim - Sol - Turismo, Animação e Jogo, S.A. ("Varzim - Sol") operations, which resulted in 2019, on the recognition of an impairment loss of approximately 4,177,000 Euros.

On December 31, 2020, the Group carried out a new assessment of the estimated recovery value of the assets allocated to Varzim - Sol.

The referred assessment did not give rise to the recording of any impairment loss, on December 31, 2020.

The projections, on December 31, 2020 and 2019, were discounted with a WACC rate of 7.1%, having been considered, on the December 31, 2020 projections, a revenue growth rate during the concession period of -22% in 2021, 90% in 2022 and 25% in 2023, considering, additionally, an annual consideration of 50% of gaming revenue, which is expected to persist under the terms of the negotiations with the tutelage and the Portuguese Casino's Association (Note 1).

The Board of Directors estimates that a positive or negative variation of 0.5% in the discount rate would have an impact of approximately 110,000 Euros in the impairment analysis carried out in the year of 2020, which is sensitive, among others, to the level of gambling revenues that will be verified until the end of the concession, namely with regard to the possible effects that may impact the Group's revenue and the eventual alteration of the rules for the application of referred consideration. Thus, any deviations in the revenue growth rates considered would result in deviations of a similar amount in the impairment losses recorded.

17. RIGHT-OF-USE ASSETS

During the years ended on 31st December, 2020 and 2019, the movement in "Right-of-use assets", as well as in the respective depreciation and accumulated impairment losses, was the following:

2020			
	Buildings and other constructions	Transport Equipment	Total
Gross amount:			
Opening balance on 1 de january 2020	229 134	912 670	1 141 804
New contracts	-	128 768	128 768
Closing balance 31st december 2020	<u>229 134</u>	<u>1 041 438</u>	<u>1 270 572</u>
Depreciation and accumulated impairment losses:			
Opening balance on 1 de january 2020	72 622	247 999	320 621
Depreciation of the year (Note 10)	73 524	334 460	407 984
Closing balance 31st december 2020	<u>146 145</u>	<u>582 460</u>	<u>728 605</u>
Net amount	<u>82 988</u>	<u>458 978</u>	<u>541 967</u>
2019			
	Buildings and other constructions	Transport Equipment	Total
Gross amount:			
IFRS 16 adoption on 1 de january 2019 (Note 3)	28 173	495 376	523 549
New contracts	200 961	417 294	618 255
Closing balance 31st december 2019	<u>229 134</u>	<u>912 670</u>	<u>1 141 804</u>
Depreciation and accumulated impairment losses:			
IFRS 16 adoption on 1 de january 2019 (Note 3)	-	-	-
Depreciation of the year (Note 10)	72 622	247 999	320 621
Closing balance 31st december 2019	<u>72 622</u>	<u>247 999</u>	<u>320 621</u>
Net amount	<u>156 512</u>	<u>664 670</u>	<u>821 183</u>

The item “Buildings and other constructions” refers to the lease agreement for the Estoril Sol Digital facilities, in Oeiras, ending in 2021 and the car parking space concession agreement, in Póvoa de Varzim, ending in 2023.

The item “Vehicles” refers to car rental contracts used by the Group's employees, for periods between 2 and 5 years. These contracts do not provide for the existence of relevant extension or expiration clauses or guarantees of residual value.

18. INVESTMENT PROPERTIES

During the years ended on 31st December 2020 and 2019, the movement in investment properties, as well as in the respective depreciation and accumulated impairment losses, was the following

	Dec - 2020	Dec - 2019
Gross amount:		
Opening balance	282 509	282 509
Additions	-	-
Write-offs	-	-
Disposals	-	-
Closing balance	282 509	282 509
Depreciation and impairment losses:		
Opening balance	100 368	94 815
Depreciation of the year (Note 10)	5 551	5 551
Closing balance	105 919	100 368
Net value	176 590	182 141

Investment properties is made up principally from an apartment held by Estoril-Sol (III) - Turismo, Animação e Jogo, S.A., in Monte Estoril. As of December 31, 2020 and 2019, the investment properties' book value does not differ significantly from its market value.

19. CURRENT TAX ASSETS AND LIABILITIES

The items “Current tax assets” and “Current tax liabilities” at 31 December 2020 and 2019 were made up as follows:

	Dec- 2020	Dec - 2019
Current assets:		
Special Payment on Account (IRC)	22 200	22 200
	22 200	22 200
Current Liabilities:		
Corporate Income Tax (IRC)	110 614	114 814
	110 614	114 814

20. INVENTORIES

On 31st December 2020 and 2019, this caption was broken down as follows:

	Dec - 2020			Dec - 2019		
	Gross Amount	Impairment Losses	Net Amount	Gross Amount	Impairment Losses	Net Amount
Goods	6 033 630	(2 737 410)	3 296 220	6 033 636	(2 737 410)	3 296 226
Finished and intermediate products	3 333 132	-	3 333 132	3 285 982	-	3 285 982
Raw materials, secondary materials and consumables	277 609	-	277 609	339 443	-	339 443
	<u>9 644 371</u>	<u>(2 737 410)</u>	<u>6 906 961</u>	<u>9 659 061</u>	<u>(2 737 410)</u>	<u>6 921 651</u>

The caption “Goods” essentially comprises a fraction of offices in Estoril and a Warehouse in Alcoitão held by the Group which is intended for resale.

The caption “Finished and intermediate products” relates to a plot of land where the old ruins of the Hotel Miramar stand.

The caption “Raw materials, secondary materials and consumables” is almost totally made up from food and drink products intended for sale in the diverse bars and restaurant areas of Estoril and Póvoa de Varzim Casinos.

21. CLIENTS AND OTHER ACCOUNTS RECEIVABLE

At 31 December 2020 and 2019, the caption “Clients and other accounts receivable” had the following composition:

	Dec - 2020	Dec - 2019
Customers current account	199 160	422 360
Impairment	(61 856)	(22 961)
	<u>137 304</u>	<u>399 399</u>
Customers doubtful debts	1 897 403	2 334 320
Impairment	(1 897 403)	(2 334 320)
	<u>-</u>	<u>-</u>
	<u>137 304</u>	<u>399 399</u>

“Customers current accounts” relate with the activities of entertainment and restaurants. These are subject to evaluation by the Group credit control, being all debts are subject to impairment losses according to the expected credit losses model. On 31 December 2020 and 2019 there were no outstanding balances receivable for periods of 6 months or more that did not have an impairment.

The Group does not grant credit in its gaming activity, although there are situations where amounts might not be received, related with the means of payment used. Whenever an unfunded cheque is detected related with the gaming activity, a provision is immediately set up for the full amount, irrespective of the efforts for its collection that may be made in the future in order to effectively receive the amounts in cash.

Reinforcements/reversals of impairment losses in the years ended December 31, 2020 and 2019 amount to 33,754 Euros (reinforcement) and 19,855 Euros (reversal), respectively.

22. OTHER CURRENT ASSETS

At 31 December 2020 and 2019, the caption "Other current assets" had the following composition:

	Gross amount Dec - 2020	Accumulated impairment losses	Net amount Dec - 2020	Gross amount Dec - 2019	Accumulated impairment losses	Net amount Dec - 2019
State and Public Sector						
Annual gaming consideration - Estoril / Lisboa - 2020 (a)	4 431 585	(4 431 585)	-	-	-	-
Advance payments to suppliers	160 571	-	160 571	163 764	-	163 764
Accounts receivable from related parties (Note 34)	171 221	-	171 221	171 061	-	171 061
Deferrals:						
Expenses with entertainment shows to be held	-	-	-	-	-	-
Insurance	297 064	-	297 064	454 605	-	454 605
Fees with maintenance, technical assistance and licences	249 718	-	249 718	287 262	-	287 262
Other deferrals	78 497	-	78 497	78 485	-	78 485
Commercial areas renters	117 789	-	117 789	221 939	-	221 939
Withholding and guarantee deposits	32 445	-	32 445	302 066	-	302 066
Other accounts receivable	786 895	-	786 895	394 768	-	394 768
	<u>6 325 785</u>	<u>(4 431 585)</u>	<u>1 894 200</u>	<u>2 073 950</u>	<u>-</u>	<u>2 073 950</u>

- (a) The credit in favour of the Estoril Sol Group in the amount of 4,431,585.04 Euros relates to the 2020 annual consideration of Casino Estoril and Casino Lisboa and was recognized under paragraph 1 of the 5th of the Concession Contract in Estoril gaming zone, by the subsidiary Estoril-Sol (III) - Turismo, Animação e Jogo, S.A., and it concerns the Casinos of Estoril and Lisbon, in the amounts of 2,534,781 Euros and 1,896,804 Euros, respectively. In the year ended December 31, 2020, as a result of the non-recognition of the referred credit, by the Secretary State of Tourism, the Group recognized an impairment loss related to that amount, despite continuing promoting the recognition and compensation of this credit by the tutelage.

23. CASH AND CASH EQUIVALENTS

At 31 December 2020 and 2019 this caption had the following composition:

	Dec - 2020	Dec - 2019
Cash	6 721 821	8 092 016
Bank Deposits:		
- Immediately available bank deposits	41 977 029	59 954 191
- Long term deposits (a)	9 999 974	14 999 964
Cash and cash equivalents	<u>58 698 824</u>	<u>83 046 171</u>

- (a) Relating to bank deposits that may be immediately mobilized with risk of loss of interest. In the years ended 31 December 2020 and 2019, the Group recorded the following non-monetary investment and financing transactions that are not reflected in the consolidated statement of cash flows:
- The Group acquired assets through lease contracts, as disclosed in Notes 17 and 26, in the amount of approximately, 129,000 Euros (618,000 Euros in 2019);
 - The Group acquired fixed assets which had not yet been settled at the date of the financial position in the amount of approximately 66,000 Euros (313,000 Euros in 2019).

24. CAPITAL

Estoril-Sol, SGPS., S.A., an issuer of securities (“shares”) admitted to trading on a regulated market, as at December 31st, 2019 and 2018, has a share capital of 59,968,420 Euros (fifty nine million, nine hundred and sixty eight thousand, four hundred and twenty euros), represented by 11,993,684 registered shares (ISIN Code PTESO0AM0000), with a unit par value of five Euros each.

Treasury shares

The treasury shares were acquired by the Company as follows:

Year of Acquisition	No. of shares	Nominal value	Total nominal	Total premiums	Total
2001	34 900	5	174 500	280 945	455 445
2002	43	5	215	184	399
2007	22	5	110	88	198
2008	27 600	5	138 000	114 264	252 264
Total	62 565		312 825	395 481	708 306

As a result of the treasury shares acquired, a reserve of 708,306 Euros was made unavailable, which was included under “Other reserves and retained earnings”.

Legal persons with a stake of over 20% in the share capital on 31 December of 2020 and 2019:

- Finansol, Sociedade de Controlo, SGPS, S.A., with 57.79% (a)
- Amorim – Entertainment e Gaming International, SGPS, S.A., with 32.67%.

(a) This entity is controlled by the Macau Tourism and Entertainment Society (STDM, headquartered in Macau).

Share issue premiums

The amount recorded under this caption results from the obtained gains on capital increases, which occurred in previous years. According to the legislation in force, the use of the amount included in this item follows the regime applicable to the legal reserve, that is, it shall not be distributed to shareholders, but may be used to absorb losses after all other reserves have been exhausted or incorporated in the capital. On 31 December of 2020 and 2019 the amount recorded at “Share issue premiums” amounted to 960,009 Euros.

Other reserves and retained earnings

This caption relates to income generated in prior years not attributed to Company shareholders and includes reserves made unavailable as a result of the acquisition of treasury shares amounting to Euro 708,306. This caption also includes the accumulated impacts of the actuarial update of post-employment benefits (Note 27).

In accordance with the resolutions adopted at the General Shareholders' Meeting held on June 29, 2020 and May 26, 2019, the results for the years ended December 31, 2019 and 2018 were applied as follows:

	2020	2019
Legal reserve	495 530	687 606
Other reserves and retained earnings	7 930 415	7 369 730
Other variations in equity	1 484 608	694 785
Dividends (a)	-	5 000 000
	<u>9 910 553</u>	<u>13 752 121</u>

(a) Of the amount of dividends approved in 2019, corresponding to a dividend per share of 0.42 Euros, 4,989,101 Euros were already settled.

25. NON-CONTROLLING INTERESTS

On 31th December 2020 and 31st December 2019, this caption was broken down as follows:

	Dec - 2020				Dec - 2019			
	Opening balance	Profit / (Loss) of the period	Dividend distribution	Closing balance	Opening balance	Profit / (Loss) of the period	Dividend distribution	Closing balance
Estoril-Sol Digital, Online Gaming Products and Services, S.A. (a)	6 478 063	7 416 844	(6 100 000)	7 794 907	3 513 973	4 584 608	(1 620 517)	6 478 063

(a) The activity of Estoril-Sol Digital began with the attribution of the license to operate games of chance online in July 2016. The scope of the activity of exploring online games, which it intends to carry out through its subsidiary Estoril-Sol Digital, Online Gaming Products and Services, S.A., Estoril-Sol (III) Animação e Jogo, S.A., a company held by the issuer, entered into an association agreement in July 2016 with Vision Gaming Holding Limited, based in Malta, whereby it became the holder of a minority interest, corresponding to 49.9998% of the capital stock of Estoril-Sol Digital, while Estoril-Sol (III) S.A. holds a majority of the capital and voting rights in said company. The association agreement foresaw the investment in the capital of Estoril-Sol Digital corresponding to 50% with the renewal of the online casino license, which happened on July 24, 2019. As at December 31, 2019, Estoril Sol (III) and Vision Gaming Holding Limited both hold a share corresponding to 50% of Estoril Sol Digital's equity. Nevertheless, Estoril Sol (III) maintains the right to nominate the Board of Directors Chairman, allowing the Group to have the control of the operations. In October 2020, this company acquired from Estoril Sol (III) the investment held in Estoril Sol Digital, Online Gaming Products and Services, S.A.. The referred transaction had no impact on the consolidated accounts.

26. LEASE LIABILITIES AND BORROWINGS

As of December 31, 2020, the Group's liabilities with financing obtained were as follows:

Nature of the financing	Dec - 2020	
	Nominal Value	Balance sheet Value
Current financing:		
- Current accounts	6 565 702	6 565 702
	6 565 702	6 565 702
	6 565 702	6 565 702

The average interest rate on financing including commissions and other charges is 3.75%.

As of December 31, 2020 and 2019, the maturity of amortizations falling due for lease contracts expires as follows:

	2020	2019
2020	n.a.	392 077
2021	347 290	260 945
2022	170 966	177 086
2023 and following	46 526	-
	564 782	830 107

Reconciliation of liabilities resulting from financing activities:

The changes in the Group's liabilities resulting from financing activities, both cash and non-cash, are presented below. Liabilities resulting from financing activities are those whose cash flows have been, or will be, classified as financing in the consolidated cash flow statement:

Reconciliation of liabilities arising from financing activities					
Nature of the financing	01/01/2019	Cash Flows (i)	New leasing contracts (Note 17)	Others (ii)	31/12/2020
	Opening Balance				Closing Balance
Lease liabilities	830 107	(416 553)	128 768	22 460	564 782
	830 107	(416 553)	128 768	22 460	564 782
Current financing:					
- Current accounts	-	6 558 100	-	7 602	6 565 702
	-	6 558 100	-	7 602	6 565 702
	830 107	6 141 547	128 768	30 062	7 130 484

Reconciliation of liabilities arising from financing activities						
Nature of the financing	2019					Closing Balance
	Opening Balance	IFRS 16 Adoption	Cash Flows (i)	New leasing contracts (Nota 17)	Others (ii)	
Lease liabilities	-	523 549	(329 176)	618 255	17 479	830 107
	-	523 549	(329 176)	618 255	17 479	830 107

(i) The cash flows resulting from current financing and lease liabilities make up the net payment amounts of receivables and payments related to current accounts and reimbursement of lease contracts in the consolidated cash flow statement.

(ii) This caption includes the net effect of the financial discount referring to payments made to lease creditors and the effect of interest specialization.

27. PROVISIONS

The movement in the provisions accounts in the years ended on 31st December 2020 and 2019 is as follows:

	Movement from January to December 2020				Balance Dec - 2020
	Balance Dec - 2019	Increases	Reversals	Utilizations	
Provisions for pensions	3 366 526	87 000	-	(52 375)	3 401 151
Legal proceedings in hand	6 470 216	921 986	(1 089 121)	(1 591 420)	4 711 661
Other risks and charges	69 866	-	-	-	69 866
	6 540 082	921 986	(1 089 121)	(1 591 420)	4 781 527
	9 906 608	1 008 986	(1 089 121)	(1 643 795)	8 182 678

	Movement from January to December 2019				Balance Dec - 2019
	Balance Dec - 2018	Increases	Reversals	Utilizations	
Provisions for pensions	3 066 901	352 000	-	(52 375)	3 366 526
Legal proceedings in hand	5 886 661	624 995	(41 440)	-	6 470 216
Other risks and charges	69 866	-	-	-	69 866
	5 956 527	624 995	(41 440)	-	6 540 082
	9 023 428	976 995	(41 440)	(52 375)	9 906 608

During 2020, a sentence that dismissed the action brought by the “Evolução Gastronómica” against Estoril Sol (III) was provided. “Evolução Gastronómica” did not appeal the sentence within the time available, having the process turned unappealable and the provision initially recognized, in the amount of 907,000 Euros was reversed.

Provisions were reinforced in the amount of 479,000 Euros and reversals of 48,000 Euros related to indemnification processes with forbidden customers. The other reinforcements, reversals and utilization of provisions refer essentially to the collective dismissal processes related to Casino da Póvoa de Varzim.

Provisions for pensions / Post-employment benefits

By the Articles of Association approved in the General Meeting of 29 May 1998, Estoril-Sol, S.G.P.S., S.A. confirmed, in article 36, the right to a retirement pension paid by the company to the former directors who had already retired, based on the previous article 25 of the Articles of Association that were then altered, and the same rights and benefits as those to the directors, in office at that time, who had or would come to complete ten years of service - after entering retirement - rights and benefits to be regulated in a contract to be agreed between the Company and these directors.

On December 31, 2020 and 2019, the Company obtained actuarial studies prepared by a specialized and accredited independent entity. The present value of the above-mentioned liabilities was estimated at 3,401,151 Euros and 3,366,526 Euros, respectively.

At December 31, 2020 and 2019, these studies were carried out using the "Projected credit unit" method and considered the following key assumptions and technical and actuarial bases at that date:

	2020	2019
Discount rate	0,6%	0,9%
Rate of growth of pensions	0,00% p.a.	0,00% p.a.
Mortality table		
- Before retirement	n.a	n.a.
- After retirement	GKF95	GKF95
Invalidity table	n.a	n.a.
Table of departures	n.a	n.a.
Retirement age	01-jun-21	01-jan-21

In the years ended December 31, 2020 and 2019, the movement in the value of the liabilities was as follows:

	Dec - 2020	Dec - 2019
Present value of the defined benefit obligation at beginning of the year:	3 366 526	3 066 901
Benefits paid	(52 375)	(52 375)
Post-employment benefits (Note 9)	123 000	131 000
Actuarial gains and losses	(36 000)	221 000
Present value of the defined benefit obligation at the end of the year:	<u>3 401 151</u>	<u>3 366 526</u>

The impacts of the actuarial update verified in the year ended December 31st, 2020 result from the changes in assumptions considered, namely, the change in the discount rate used from 0,9% in 2019 to 0,6% in 2020, and the change of the start date of payment of benefit to the former directors.

At 31 December 2020, the impact of a discount rate reduction of 0,5%, used in the actuarial calculation, would correspond to an increase in the present value of liabilities by approximately 148,000 Euros (123,000 Euros in 2019).

The provision for ongoing legal proceedings in hand is intended to cover the estimated liabilities based on information from the lawyers and legal advisors, arising from legal proceedings brought against the Group, the information of which is detailed in Note 29.

Provisions in the year ended on December 31, 2020 correspond, essentially, to liabilities arising from the following processes:

- Collective dismissal, 2.573.000 Euros;
- Economic and financial rebalancing, 1.250.000 Euros (Note 27);
- Clients forbidden, 624.000 Euros;
- Jackpot, 200.000 Euros.

- The Group carried out a collective dismissal in 2010 and 2013 in the Casinos of Lisbon, Estoril and Póvoa de Varzim in the terms established in the Law, which included 133 employees. Some of these employees brought up an action to the Court for annulment of the dismissal and reinstatement within the Group. On December 31, 2018, the collective dismissal process regarding the Casinos of Lisbon and Estoril culminated in a favourable decision for the Group, with the exception of five employees, who were reinstated in the Group's staff. The remaining employees received compensation corresponding to the legal obligations provided for in labour legislation in case of collective redundancies, in line with the provision recorded in the Group's accounts in the previous years. In addition, during the year ended December 31, 2018, the collective dismissal process regarding Casino da Póvoa presented an unfavourable decision to the Group, having the Group filed an appeal of the decision. The Group increased the provision recorded in 502,000 Euros during 2020 to face the responsibilities resultant from this process, taking into account the legal opinions of its lawyers and legal advisors, which amounts to approximately 2,573,000 Euros as of December 31, 2020. As a result of the appeal referred above, in february 2020, the Court of Relation of Guimarães judged partially favourable the appealing, absolving the Group regarding the request of four of the authors.

On March 24, 2021, by decision of the Supreme Court of Justice, Casino da Póvoa was sentenced to reinstate all the employees who maintained the collective dismissal process (Note 31) and to indemnify them for moral damages, including four employees that the Guimarães Court of Appeal had acquitted the Group. The decision of the Supreme Court of Justice is subject to appeal to the Plenary of the Supreme Court of Justice, and the Board of Directors believes that the responsibility recognized in the financial statements for the year ended December 31, 2020 is sufficient for any responsibilities that may result from the conclusion of the process.

- On 31 December 2020 and 2019, the Group has been involved in various cases associated with interdicted players, alleging that the concessionaires have not complied with the prohibition order, at the entrance of the various Casinos operated, to which the same customers were subject, demanding a claim for compensation for the alleged non-compliance. The Board of Directors, based on the opinion of its legal advisors and in view of the historic resolution of such cases, recognized in the financial statements as of December 31, 2020 and 2019, liabilities estimated at 624,000 Euros and 380,000 Euros, respectively.

- In January 2009, a machine from Casino de Lisboa announced a fake Jackpot on a gaming machine of 4,232,774 Euros, and the customer involved, despite being informed about the machine error, filed a lawsuit against the Group to the referred amount. The Board of Directors, supported by its legal advisors and the expert evidence prepared by the suppliers of those machines and by the Gaming Regulation and Inspection Service, where it is concluded that there has been a malfunction of the computer system which presented the prize, considers it is probable to obtain a favourable outcome for the Group, for which a provision of approximately 200.000 Euros was recorded.

At that date, taking into account the uncertainties inherent in this type of proceedings, the current liability resulting from these settlements was estimated based on the opinions of the Group's legal advisors and based on the arguments presented by the Group in the respective claims, considering the estimated timing of payment, which depends on judicial developments of the respective proceedings.

28. OTHER CURRENT AND NON-CURRENT LIABILITIES

The caption "Other current liabilities" and "Non-current liabilities" in the years ended on 31 December 2020 and 2019 were as follows:

	Dec - 2020	Dec - 2019
Other accounts payable - non-current		
Annual payment - Difference to minimum consideration		
Installments payment schedule - approved for 2014 (a)	-	1 244 808
	-	1 244 808
Other accounts payable - current		
Current suppliers	6 199 825	6 712 173
Suppliers of investments	66 211	312 522
State and Public Sector		
Annual gaming consideration	1 616 662	21 301 642
Annual payment - Difference to minimum consideration (Note 6)		
Related to the year (Note 32)	-	5 032 562
Related to 2014 (a)	1 244 808	1 244 808
Special Gaming Tax (b)	5 575 316	7 709 047
Social Security contribuitons	753 774	767 046
Other in favour of the State	790 279	782 061
Clients advance payments (c)	1 901 705	1 531 692
Charges with holidays payable	4 232 234	4 469 487
Responsibilities for accumulated gaming premiums (d)	2 235 871	2 185 508
Other	3 012 714	2 823 985
	27 629 399	54 872 533

- a) These amounts are defined in payment plans approved by the Gaming Regulation and Inspection Service of Tourism of Portugal (SRIJ), which were being complied with, as follows:
- a. Payment plan approved and in accordance with prior authorization from the Gaming Regulation and Inspection Service of Tourism of Portugal related to the minimum annual counterpart of the year 2014. This plan will be paid in three successive annual instalments of 1.244.808 Euros, with the last reimbursement being due in 2021, reason why it was classified as a current liability;

- (b) The approval of the State Budget for the 2020, on April 1, 2020, contemplated measures that aimed to change the online gambling taxation. As a result, tax rates are no longer fixed in an increasing range that varies according to the volume of revenues and bets placed, maintaining the other calculation principles, that is, the tax base remained unchanged, gross revenue for online casino games and amount/volume of placed bets for sports betting. For online casino the rate was fixed at 25% and for sports betting at 8%. Within this framework, the subsidiary of the Estoril Sol Group, Estoril Sol Digital - Online Gaming Products and Services, SA was notified on January 25, 2021 for the additional payment of online gaming tax for the months of January, February and March 2020 regarding its license to operate online casino games. Estoril Sol Digital - Online Gaming Products and Services, S.A. filed an application with the SRIJ – Portuguese Game Regulation and Inspection Service on February 11, 2021, alluding to the fact that the additional payment of online gambling tax (IEJO) in its understanding, in many ways, illegal. As it is illegal, Estoril Sol Digital - Online Gaming Products and Services, S.A. will challenge in court the additional tax liquidation of IEJO for the months of January, February and March 2020 in the total amount of 860,597 Euros.
- (c) Customer advances respect to the online business, and correspond to the balance available for play or withdrawal on December 31st, 2020.
- (d) This caption relates to liabilities for accrued gambling bonuses, resulting from the accrued bonuses announced in the various casinos explored by the Group.

As of December 31st, 2020 and 2019, “Current Suppliers” includes accounts payable to related entities, ICE Elite Ltd and GAMING ONE Limited, in the total amount of 899,386 Euros and 568,781 Euros, respectively (Note 34).

29. CONTINGENT LIABILITIES AND ASSETS, GUARANTEES AND COMMITMENTS

Contingent liabilities

In the normal course of its business, the Group is involved in several legal proceedings. In result of their nature and provisions and according to the opinion of legal advisors, the expectation is that, from the respective outcome, there will be no material effects that are not yet recognized in the financial statements as of December 31, 2020 and 2019. The most relevant processes are as follows:

- Differences of understanding between the Group and the Tax Administration, regarding the taxation of Corporate Income Tax (IRC), relating to 2007, 2008, 2009 and 2010, in the light of non-taxation of documented expenses incurred in the course of gambling activity by its subsidiaries. In the course of the financial year of 2013, a ruling was issued against the allegations and convictions of the Group regarding the proceedings relating to the years 2007 to 2009. The Group is convinced, based on the most diverse opinions and favourable opinions of its legal advisors, that the allegations and claims of the Group are well founded, which is why an appeal was filed against this decision to higher courts.

Additionally, as of the date of these financial statements, there are prior judicial decisions in favour of the Group, as well as favourable judicial jurisprudence on this matter. Nevertheless, bank guarantees were provided in favour of the Cascais Finance Department in the amount of 7,197,635 Euros. The Group’s Board of Directors, based on the above, and based on the opinion of its legal and tax advisors, considers only to be possible and unfavourable outcome for the Group although not probable, and therefore no provision was recorded in the financial statements for the year.

Contingent assets

In January 2013, the Group, together with other gambling concessionaires with gambling in Portugal, filed a lawsuit against the Portuguese State in order to restore the economic and financial rebalancing of the concession. This process includes the challenges of monthly special income taxes and the annual liquidations of 2012 to 2013, and the liquidations of the annual counterparts from 2014 to 2017, all settled in accordance with Decree-Law - nº 275/2001, so that, in the opinion of the legal and tax advisors of the Group, in the case of favourable decision on the referred objections, the liquidations will be refunded plus interest. In September 2016, the Administrative and Fiscal Court of Sintra ruled in favour of the Group on the unlaw-fulness of the clearance of the income tax payment of October 2013 on automatic machines and charged the Group with its share of responsibility for the value of court expenses, which for the actions involved in this proceeding were estimated as of approximately, 2,501,000 Euros. The Board of Directors, supported by the opinion of its legal and tax advisors, recognized the corresponding liability, considering the complaint presented on the amount of these court expenses, in the amount of 1,250,000 Euros (Note 27).

Guarantees provided

On 31st December 2020 and 2019 the guarantees provided by the Group were as follows:

	Dec - 2020	Dec - 2019
Obligations related with the Special Gaming Tax	16 741 305	26 483 983
Tax lawsuits in hand / litigation	8 902 368	8 894 368
Current suppliers	39 250	39 250
	<u>25 682 923</u>	<u>35 417 601</u>

30. FINANCIAL INSTRUMENTS

At 31 December 2020 and 2019 the main financial assets and liabilities, recorded at amortized cost, were as follows:

	2020	2019
Financial assets:		
Receivables	1 406 225	1 720 902
Cash and cash equivalents (Note 23)	<u>58 698 824</u>	<u>83 046 171</u>
	<u>60 105 049</u>	<u>84 767 073</u>
Financial liabilities:		
Payables	27 629 399	56 117 341
Lease and Bank liabilities (Note 26)	<u>7 130 484</u>	<u>830 107</u>
	<u>34 759 883</u>	<u>56 947 448</u>

In what concerns to current accounts receivable and account payable and cash and cash equivalents, the Group considers, in the light of specific characteristics of these financial instruments, that the fair value does not differ significantly from their book value, therefore it is not necessary, under the terms of IFRS 13 to present its fair value by measurement levels.

In the normal course of its activity the Estoril-Sol Group is exposed to a variety of financial risks that can change its asset value. Financial risk is understood to be the probability of obtaining results other than those expected, whether these be positive or negative, materially and unexpectedly changing the asset value of the Group.

In order to minimise the potential impact of these risks, the Group adopts a strict financial policy based on two vitally important instruments:

- approval of the annual budget and the respective revision and analysis of deviations on a monthly basis, and;
- the elaboration of financial and cash-flow planning, which is also reviewed on a monthly basis.

The financial risks which can possibly impact on the activities undertaken by the Group are those presented below:

Liquidity risk:

The management of the liquidity risk is based on maintaining an adequate level of available cash and on the contracting of credit limits that help not only to ensure the normal development of the Group's activities but also to cater for any operations of an extraordinary nature.

According to the monetary resources freed up by the companies that comprise the Group, we feel the financial risk to which the Group is exposed is minimal, and the same understanding has prevailed in the examination carried out by financial institutions, as shown by the fact that asset guarantees are dispensed with for operations under contract, further reinforced by the no less relevant fact that over the years the Group has been successively reducing its financial liabilities, thereby complying with the commitments assumed.

Financial liabilities at 31 December 2020 and 2019 mature as follows:

Financial liabilities	2020			Total
	Up to 1 year	1 to 2 years	+ 2 years	
<u>Remunerated:</u>				
Lease and Bank liabilities	6 912 992	170 966	46 526	7 130 484
Trade and other payables	1 244 808	-	-	1 244 808
<u>Not Remunerated:</u>				
Current tax liability	-	-	-	-
Trade and other payables	26 384 591	-	-	26 384 591
	<u>34 542 391</u>	<u>170 966</u>	<u>46 526</u>	<u>34 759 883</u>
	2019			
Financial liabilities	Up to 1 year	1 to 2 years	+ 2 years	Total
<u>Remunerated:</u>				
Lease and Bank liabilities	392 077	401 301	36 729	830 107
Trade and other payables	1 244 808	1 244 808	-	2 489 616
<u>Not Remunerated:</u>				
Current tax liability	-	-	-	-
Trade and other payables	53 627 725	-	-	53 627 725
	<u>55 264 610</u>	<u>1 646 109</u>	<u>36 729</u>	<u>56 947 448</u>

Interest rate risk

The Group's exposure to the interest rate risk stems from the existence, in its balance sheet, of financial assets and liabilities, taken out at variable rates. A change in the market rates has a direct impact on the value of the interest received and/or paid, causing consequent variations in cash.

If the market interest rates had been 1% higher during the years ended on 31st December 2020 and 2019, the financial costs of those years would have increased by approximately 32,800 Euros and 37,000 Euros, respectively.

Exchange rate risk

All operations are carried out in Euros, with the exception of some current imports, which periods of no more than 45 days, which are conducted in US Dollars, and so the Group has only minimal exchange rate exposure.

Credit risk:

Credit risk is mainly related to the accounts receivable resulting from the operations with related parties. This risk is monitored on a regular basis by each of the Company's businesses with the objective of:

- monitor the evolution of the level of credit granted;
- to analyze the financial capability of related parties on a regular basis.

The Company's financial assets relate primarily to short-term related party accounts receivable for which it adopts the expected 12-month loss model.

(iv) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition.

In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from internal and external sources, when available, of actual and forecasted economic information related to the Company's operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the above mentioned, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

A financial instrument is determined to have low credit risk if:

- (1) The financial instrument has a low risk of default,
- (2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(v) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is recurring a breach of payment terms by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

(vi) Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, namely with the publication of the foreclosure of the debtor.

Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

31. EVENTS AFTER THE BALANCE SHEET DATE

Regarding the epidemiological control context of Covid 19, and within the scope of the exceptional and temporary measures the Portuguese Government has been establishing as a result of which, since March 14, 2020, the physical casinos of Estoril and Póvoa de Varzim gaming zones have been temporarily closed or, from June 8, 2020, had their operating hours constrained, being closed on this date, since January 15, 2021 by the imposition of Decree 3-A / 2021, which was later extended by the imposition of Decrees 3-D/2021, 3-F/2021, 4/2021 and 7/2021, maintaining the operations related to online gambling and sports betting, As a result, considering that the current closure falls within the scope of the gradual strategy of lifting the restrictive measures established by the Council of Ministers in March 2021, the extent of the impact on the future consolidated financial position of the Group will depend on the evolution of the referred Pandemic, of the measures that may be adopted and the global evolution of the economy in this period.

In this context, the subsidiaries Estoril-Sol III and Varzim-Sol decided to apply, with effect from 15th January 2021, for the "Simplified Lay-off" measure provided in accordance with Decree-Law no. 10-G / 2020, from March 26th, and Decree-Law nº 6-E/2021, from January 15th, from which measure resulted in the temporary suspension of work contracts or in the reduction of the working hours of Estoril-Sol III workers and Varzim-Sol workers. Additionally mandatory "Contingency Plans" were immediately activated, in order to preserve the health of employees and providers of external services, as well as assets allocated to the casinos. It were also adopted measures involving the renegotiation of service provision contracts in the gambling areas revisiting the contracted service levels, such as: surveillance, reception and f&b areas, maintenance and cleaning, fees and commissions directly related to the gambling volume and activity on the gaming areas/rooms.

In this context, the duration of the activity closure, as well as any additional measures that may be taken by the Portuguese authorities regarding the containment of Covid-19 and those relating to the temporary closure of physical casinos under the respective concession contracts, will be decisive for the future realization value of the assets of the Company's subsidiaries, however, the future impacts for the Company arising from this situation are uncertain. According to the information available on this date, the Board of Directors, which is currently evaluating the measures taken in the meantime to mitigate the impacts on territorial operations, based on the financial capacity of the Group, which presents "Cash and cash equivalents", on 31 December 2020 of approximately 59 Million Euros, considers that the going concern assumption, used in the preparation of the Group's consolidated financial statements as of December 31st, 2020, remains appropriate on the present date, being however uncertain the future impacts for the Group arising from this situation

On March 24, 2021, by decision of the Supreme Court of Justice, Casino da Póvoa was sentenced to reinstate all the employees who maintained the collective dismissal process (Note 31) and to indemnify them for moral damages, including four employees that the Guimarães Court of Appeal had acquitted the Group. The decision of the Supreme Court of Justice is subject to appeal to the Plenary of the Supreme Court of Justice, and the Board of Directors believes that the responsibility recognized in the financial statements for the year ended December 31, 2020 is sufficient for any responsibilities that may result from the conclusion of the process.

32. CONSOLIDATED RESULTS PER SHARE

The consolidated result per basic and diluted share of the years ended on 31st December 2020 and on 31 December 2019 was determined as follows:

	Dec - 2020	Dec - 2019
<u>Results:</u>		
Net profit of the Equity holders of the Parent Company	(20 328 108)	9 910 553
<u>Number of shares:</u>		
Average weighted number of shares in circulation (Note 24)	11 931 119	11 931 119
Result per basic share, basic and diluted	(1,70)	0,83

Due to the fact that there are no situations that cause dilution, the net result per diluted share is the same as the net result per basic share.

33. REMUNERATION OF THE KEY MEMBERS OF THE COMPANY

Remuneration of the key members of the Group in the years ended 31 December 2020 and 2019 amounted to 2,201,185 Euros and 2,353,000 Euros, respectively (Note 9).

34. RELATED PARTIES

The balances as of December 31, 2020 and 2019 and the transactions carried out with related companies, excluded from consolidation, in the years then ended, are as follows:

Related party	2020		2019	
	Other current assets (Note 22)	Other current liabilities (Note 21)	Other current assets (Note 22)	Other current liabilities (Note 21)
- Finansol - Sociedade de Controlo, SGPS, S.A.	171 221	-	171 061	-
- Vision Gaming Holding Limited	-	-	-	-
- ICE Elite Limited	-	608 274	-	214 606
- Gaming One Limited	-	291 112	-	354 175
	<u>171 221</u>	<u>899 386</u>	<u>171 061</u>	<u>568 781</u>

External supplies and service (Note 8)

Related Parties	2020	2019
- ICE Elite Limited	2 857 559	1 746 582
- Gaming One Limited	1 925 109	1 301 188
	<u>4 782 668</u>	<u>3 047 770</u>

As of December 31, 2020 and 2019, the balances and transactions with related entities ICE Elite, Ltd. and GAMING ONE, Limited essentially refer to expenses incurred with the maintenance of the online gaming platform and commissions (Note 8).

35. STATUTORY AUDITOR'S FEES

The statutory auditor's fees in 2020 and 2019 were 123.000 Euros, plus VAT at the current rate, and are exclusively related to legal review and auditing of the Company's separate and consolidated financial statements.

36. NOTE ADDED FOR TRANSLATION

The accompanying consolidated financial statements are a translation of consolidated financial statements originally issued in Portuguese, in accordance with IFRS. In the event of discrepancies, the Portuguese version prevails.

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STATUTORY AUDITOR'S REPORT AND AUDITOR'S
REPORT

STATUTORY AUDITOR'S REPORT AND AUDITOR'S REPORT

(Free translation of a report originally issued in Portuguese language: In case of doubt the Portuguese version will always prevail)

REPORT ON THE AUDIT OF THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying separate and consolidated financial statements of Estoril-Sol, SGPS, S.A. ("the Entity") and its subsidiaries ("the Group"), which comprise the separate and consolidated statements of the financial position as of December 31, 2020 (showing a total of Euro 96,628,738 and Euro 127,659,252, respectively and total equity attributable to the shareholders of the parent company of Euro 76,811,170, including a net loss of Euro 20,328,108), the separate and consolidated profit and loss and other comprehensive income statements, the separate and consolidated statements of changes in equity and the separate and consolidated cash flow statements for the year then ended, and the accompanying notes to the separate and consolidated financial statements, which include a summary of the significant accounting policies.

In our opinion, the accompanying separate and consolidated financial statements give a true and fair view, in all material respects, of the separate and consolidated financial position of Estoril-Sol, SGPS, S.A. as of December 31, 2020 and of its financial performance and its separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted in the European Union (IFRS).

Basis for opinion

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

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

Emphasis

As mentioned in Notes 1 and 2 to the separate and consolidated financial statements, the term of the concession contract for the exclusive exploration of Estoril gaming zone that ended on December 31, 2020, within the context related with the pandemic of the Covid-19 disease was extended until December 31, 2021, being maintained the term of the concession contract for the exclusive exploration of Póvoa de Varzim gaming zone, which ceases on December 31, 2023. Additionally, as referred to in Notes 27 and 31 to the separate and consolidated financial statements, respectively, within the scope of Covid-19's containment efforts, since March 14, 2020, the physical casinos of Estoril and Póvoa de Varzim gaming zones were temporarily closed or, from June 8, 2020, had their opening hours constrained, being on this date and since January 15, 2021 again closed, taking into account the gradual lifting strategy of lockdown measures established by the Ministers' Council on March 2021, having been maintained the operations related to online gambling and sports betting, being uncertain the future impacts for the Group that will arise from this situation. The result of the concession granting process of the referred exploration beyond those dates, under the terms to be stipulated by the State, the duration of said closure, as well as any additional measures that may be adopted by the Portuguese authorities in relation to the containment of Covid -19 and those relating to the temporary closure of the physical casinos, within the scope of the respective concession contracts and their extension, will be decisive for the future realization value of Group's assets, with the Entity's Board of Directors having concluded, based on the Group's financial capacity and in the remaining information available, that the going concern assumption used in the preparation of the separate and consolidated financial statements of the Entity as of December 31, 2020, remains appropriate. Our opinion is not modified with respect to these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

Description of the most significant risks of material misstatement identified	Summary of the auditor's responses to the most significant assessed risks of material misstatement
<p>Gaming revenue recognition</p> <p>Considering the closing period of the Group's physical casinos and the constraints on their opening hours occurred in 2020 as a result of Covid-19's containment efforts referred to in Note 2.1 of the consolidated financial statements, the Group's recognized physical slot machine and table gaming revenue, amounts to Euro 91,375,000 (Note 6 of the consolidated financial statements), which results from the daily calculation made in each casino of a significant volume of transactions. Additionally, the Group's recognized online gambling and sports betting revenue amounting to, approximately, Euro 44,302,000 (Note 6 of the consolidated financial statements), results from the manual integration of the calculation performed on the online gambling and sports betting supporting platform, of a significant volume of transactions.</p> <p>Although this calculation is carried out with the daily supervision of the Gaming Regulation and Inspection Service, as a result of the volume of transactions mentioned, the referred manual integration and although the revenue recognition does not require significant judgments in its calculation, we considered the integral revenue recognition is a key audit matter.</p>	<p>Our procedures to mitigate this risk included, among others:</p> <ul style="list-style-type: none"> ▪ Evaluation of the adopted gaming revenue recognition policy by reference to the applicable accounting standards; ▪ Obtaining an understanding of the process of calculating the gaming revenue and its relevant controls; ▪ Tests on implemented controls considered relevant related to the recognition of gaming revenue; ▪ Assessment of the proper integration of the online gambling and sports betting revenue; ▪ Substantive analytical review tests based on the gaming tax/ annual consideration calculated by the Gaming Regulation and Inspection Service; ▪ Analysis of the daily evolution of gaming revenue and tests of detail of a sample of the computed daily revenue; ▪ Test of bank reconciliations carried out by the Group and reported as of December 31, 2020; ▪ Verification of the annual process of physical inventory of fixed cash funds.
<p>Impairment of assets related to Póvoa de Varzim gaming zone</p> <p>As mentioned in Notes 3 and 16 of the consolidated financial statements (Notes 3 and 11 of the separate financial statements), the Group that operates the Póvoa de Varzim gaming area, as a result of its level of revenues and results verified in 2020 and the context related with the pandemic of the Covid-19 disease, as well as the expected effect of the consideration to be paid to the State until the end of the concession of that gaming area (Note 6 of the consolidated financial statements) performed an impairment analysis of the respective assets. In view of the subjectivity and complexity of the judgments necessary to define the assumptions used in determining the recoverable value of those assets, we concluded that the impairment analysis carried out is a relevant matter for the audit.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> ▪ Evaluation of controls considered relevant, implemented in the Group related to the impairment analysis carried out; ▪ Analysis of the reasonableness of the method adopted by management to determine the recoverable amount used in the impairment analysis prepared; ▪ Assessment of the reliability of the estimates made by management, by reference to historical information; ▪ Analysis of the arithmetical reasonableness of the financial projections of discounted cash flows used by management and evaluation of the base information considered; ▪ Comparison of relevant information considered in the financial projections of discounted cash flows with the available budgets; ▪ Test the adequacy of the disclosures made.

Litigation processes

Management periodically evaluates any liabilities arising from past events, the probability of which implies the recognition of a provision and/or disclosure in the financial statements. As mentioned in Note 27 of the consolidated financial statements and in Note 7 of the separate financial statements, on December 31, 2020, the Entity recognized provisions to meet estimated liabilities with existing litigation in the referred financial statements in the amount of, approximately, Euro 4,712,000 and Euro 1,250,000, respectively. In view of the recorded amount of provisions related to the number of litigation processes currently in progress and the high degree of judgment involved in the assessment and determination of the provisions to be recognized, as well as the disclosures to be made, we considered that this is a key audit matter.

Our procedures included:

- Evaluation of the adopted policy and methodology for recognition of provisions with litigation, by reference to the applicable accounting standards;
- Evaluation of the implemented controls considered relevant;
- Obtaining confirmations from legal and tax consultants regarding the processes they are monitoring, as well as their evolution and status;
- Discuss with management and its legal advisors the assumptions and arguments that support the assessment made by management of the prospective outcome of the referred litigation;
- Evaluation of the reasonableness and sufficiency of the disclosures included in the financial statements.

Responsibilities of management and supervisory body for the separate and consolidated financial statements

Management is responsible for:

- the preparation of separate and consolidated financial statements that give a true and fair view of the Entity and the group of companies included in the consolidation financial position, their separate and consolidated financial performance and separate and consolidated cash flows in accordance with International Financial Reporting Standards as adopted in the European Union (IFRS);
- the preparation of a management report, the corporate governance report, the consolidated non-financial statement and the remunerations report, in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or to error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Entity and Group's ability to continue as a going concern, disclosing, as applicable, the matters that may cast significant doubt about the ability to continue as a going concern.

The supervisory body is responsible for overseeing the Entity's financial reporting process.

Auditor's responsibilities for the audit of the separate and consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatements, 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, separately or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the separate and 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 Entity and 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 Entity'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 report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether those 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 separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;
- communicate with those charged with governance, including the supervisory body, 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;
- determine, from the matters communicated with those charged with governance, including the supervisory body, those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter;
- provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility also includes the verification that the information contained in the management report is consistent with the separate and consolidated financial statements and the verification of the requirements as provided in numbers 4 and 5 of article 451.º of the Portuguese Companies' Code on corporate governance matters, as well as the verification that the consolidated non-financial statement and the remunerations report were presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the management report

Pursuant to article 451.º, number 3, al. e) of the Portuguese Companies' Code ("Código das Sociedades Comerciais"), it is our opinion that the management report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited separate and consolidated financial statements and, having regard to our knowledge and assessment over the Group, we have not identified any material misstatements. As referred in article 451º, number 7, of Código das Sociedades Comerciais, this opinion does not apply to the consolidated non-financial statement included in the management report.

On the corporate governance report

Pursuant to article 451.º, number 4, of the Portuguese Company's Code ("Código das Sociedades Comerciais"), we conclude that the corporate governance report includes the elements required to the Entity under the terms of article 245.º-A of the Portuguese Securities Code ("Código dos Valores Mobiliários"), and we have not identified any material misstatements on the information disclosed therein, which, accordingly, complies with the requirements of items c), d), f), h), i) and m) of number 1 of that article.

On the consolidated non-financial information

In compliance with article 451.º, number 6, of the Portuguese Company's Code ("Código das Sociedades Comerciais"), we inform that the Entity included in its management report the consolidated non-financial statement, as stated in article 508.º-G of the Código das Sociedades Comerciais.

On the remunerations report

We inform that the Entity included in an autonomous chapter, in its corporate governance report, the information predicted in the number 2 of the article 245.º-C of the Portuguese Securities Code ("Código dos Valores Mobiliários").

On the additional matters provided in article 10 of Regulation (UE) 537/2014

Pursuant to article 10 of Regulation (UE) 537/2014 of the European Parliament and of the Council of April 16, 2014, in addition to the key audit matters mentioned above, we also report on the following:

- We were appointed auditors of the Entity for the first time at the general meeting of shareholders held in May 26, 2017 for a first mandate from 2017 to 2020.
- Management has confirmed to us that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs, we maintained professional skepticism and we designed audit procedures to respond to the risk of material misstatements in the separate and consolidated financial statements due to fraud. As a result of our work, we have not identified any material misstatement on the separate and consolidated financial statements due to fraud.
- We confirm that the audit opinion issued is consistent with the additional report that we prepared and delivered to the Entity's supervisory body as of April 30, 2021.
- We declare that we have not provided any prohibited services as described in article 77, number 8, of the Ordem dos Revisores Oficiais de Contas statutes (Legal Regime of the Portuguese Statutory Auditors) and we have remained independent from the Entity and the Group in conducting the audit.

Lisbon, April 30, 2021

Deloitte & Associados, SROC S.A.
Represented by Pedro Miguel Argente de Freitas e Matos Gomes, ROC

REPORT AND OPINION OF THE STATUTORY AUDIT
BOARD

REPORT AND OPINION OF THE STATUTORY AUDIT BOARD

(TRANSLATION FROM THE PORTUGUESE ORIGINAL –
IN ANY DISCREPANCY THE PORTUGUESE VERSION PREVAILS)

**To the Shareholders of
Estoril Sol SGPS, SA**

In accordance with the legislation in force and the mandate entrusted to us, we hereby submit to your analysis our Report and Opinion that embraces both the activity we performed and the financial statements, separate and consolidated, of **Estoril Sol SGPS, SA** (“SGPS”) and subsidiaries (“**Group Estoril Sol**”) during the financial year ended 31 December 2020, which are the responsibility of the Board of Directors.

I. Report

I.1. Monitoring the activity

During the year 2020 and in conformity with the n° 1 of the article 420 of the Portuguese Commercial Companies’ Code, this Statutory Audit Board regularly monitored the activity of the **SGPS** and of the **Group Estoril Sol**, with the frequency and extension we deemed appropriate, as well as the regularity of its accounting records and compliance with the law and articles of association.

In particular, this Board gave special attention to the negative effects in the subsidiaries’ activities of the limitations to the normal business, particularly in the physical casinos, imposed by the limitations of the Governmental measures to contain the effects of the pandemic Covid-19, also in conformity with the Circular issued by CMVM (the Regulator of the Stock Exchange) dated 18 December 2020 and received by all statutory audit bodies of public companies. Additionally, we paid special attention to the evolution of the gaming income in the Group concessions, to the rebalance of the concession contracts, considering the ending of the present game concessions, 2021 for Estoril Sol (III) and 2023 for Varzim Sol.

Within the scope of our functions:

- (i) We examined the financial statements, separate and consolidated, that comprise the financial position as of 31 December 2020, the statements, separate and consolidated, of the profit and loss and comprehensive income, of the changes in equity, and the cash flows for the year ended on that date and the notes attached to the financial statements.
- (ii) we performed the verifications that we deemed necessary to the process and operations of consolidation of the financial statements.
- (iii) we observed the appropriateness of the accounting principles adopted, namely the preparation of these financial statements, separate and consolidated, in accordance with the International Financial Reporting Standards (IAS / IFRS), as adopted by the European Union.
- (iv) We analyzed the Annual Management Report prepared by the Board of Directors and the proposal for profit distribution included herein.

Having present our legal and statutory obligations, we had regular meetings both with the Board of Directors and the several services of **Group Estoril Sol**, namely in the accounting and financial areas, legal and “Compliance”, from whom we obtained all the information and clarifications we requested.

I.2. Relevant facts during 2020 financial year

a) Covid -19 impacts in the activity

The World Health Organization declared in 11 March 2020 a pandemic related with Coronavirus 2019 (Covid-19) and the Portuguese Government has, since then, established some exceptional and temporary protection measures related with this pandemic.

Consequently, by order of the Secretary of State for Tourism it was confirmed the closing of all physical casinos (therefore covering the subsidiaries Estoril Sol (III) and Varzim Sol, as from 14 March 2020 (3pm), for a minimum period of 14 days, subsequently reassessed after periodic evaluations of the health situation. As such, the decisions were integrated in the consecutive emergency periods therefore renewed until the authorization of the reopening of the physical casinos of **Group Estoril Sol** taken on 8 June 2020, although with severe limitations in the periods of opening therefore heavily impacting their activities.

During this closing period the subsidiaries decided to appeal, as from 10 April 2020 to the “simplified lay-off” as per a) of nº 1 of the article 4 of Decree-Law 10-G/2020, dated 26 March. Further to these measures, the subsidiaries of Group Estoril Sol had also implemented several managerial decisions to adequate their operational cost structure (see Note 8 of the consolidated financial statements).

b) Prorogation of the concession and exemptions conceded in 2020

At the end of 2020, through the Decree-Law nº 106-A/2020 dated 30 December has prorogated the concession contract of the permanent gaming zone of Estoril until 31 December 2021, however being unknown, at present, the terms and conditions of the public tender related the attribution of the new concession for games of fortune or chance in this gaming zone.

Further and related to the financial year 2020, both Estoril Sol (III) and Varzim Sol, through a determination from the Secretary of State for Tourism, have been exempted to pay the annual minimum tax contribution included in the concession contract and, also, have been suspended the obligations arising from articles 16 (tourism obligations) and 17 (financial autonomy), both from Decree-Law nº 422/89. We want also to draw attention that this determination does not recognize the tax credits, amounting to Eur. 4.4 million, in favor of Estoril Sol (III), that Group Estoril Sol considers to be recoverable in accordance with nº 1 of the clause 5 of the Contract of Concession to explore the games of fortune or chance of the permanent zone of Estoril, but recognizing an impairment loss.

c) Set-up of a new Subsidiary

During 2020, Estoril Sol, SGPS, S.A. constituted the fully owned subsidiary Estoril Sol Capital Digital, S.A. to manage the online Group operations. During October 2020, this subsidiary acquired from Estoril Sol (III) the financial participation this company had in Estoril Sol Digital - Online Gaming Products and Services, S.A.. In conformity with the applicable legislation, art 249-A of the Portuguese Securities Code (Código dos Valores Mobiliários) this Statutory Audit Body gave favorable opinion to this acquisition. As of 31 December 2020, the **Group Estoril Sol** and Vision Gaming Holding Limited share on 50/50% basis the social capital of that Company.

d) Renewal of licence

Still during 2020, the Group had renewed the gaming license to explore the online Sporting Bets (Cota) for another 3-year period (until 3 August 2023), which can be further extended in accordance with the conditions of the Juridical Regime of Gaming and Betting (RJO).

I.3. About the activity

During this financial year that presents a net loss allocated to the shareholders of the parent company of Eur 20.3 million and a total consolidated net loss for the year of Eur 12.9 million, the following is considered of relevance:

- During 2020, the **Group Estoril Sol** accounted for gross gaming revenues, physical casinos and online, the total amount of Eur. 135.7 million, representing a total fall of 41% when compared with 2019. If the Special Gaming Tax is not considered that totals Eur. 61.7 million, the Group total income reach Eur. 74 million (decrease of 33% facing the 2019 year of Eur. 111 million).
- Total gross income of the activity of the physical game of the **Group Estoril Sol** in Portugal, totaled Eur. 91.4 million (dropping 53% facing 2019 – Eur. 192.4 million), basically as a consequence of the pandemic Covid-19.
- During 2020, the **Group Estoril Sol** had gross income of the online game of Eur. 44.3 million, of which Eur. 34.2 million related to Gaming of fortune or chance and Eur. 10.1 million of sporting bets.
- It should be noted that the market quota of the physical games of the **Group Estoril Sol** slightly decreased facing 2019 - 58% contra 61,16% in 2019.
- Regarding the online activity, it should be noted, probably as a result of the pandemic, a strong growth in the activity in Portugal; ES Digital has a quota of 22% in the games of fortune or chance and 7% in the sporting bets.
- The financial year of 2020, as a result of the pandemic, closed with a financial debt of Eur. 6.6 million; in 2019 the financial debt has been fully liquidated.
- In 2020, it was performed a valuation study on the estimated value of the Varzim-Sol assets, which has been calculated with prudent and adequate assumptions in the current circumstances, namely liaised with the pandemic Covid-19, having been concluded that the impairment on the value of the concession accounted for in the previous years did not need to be reinforced.

I.4. Collaboration received from the external auditors

In compliance with nº 1 of article 452 of the Portuguese Commercial Companies' Code, we held regular meetings with the external auditors Deloitte & Associados, SROC ("Deloitte") who, in the fulfillment of their functions, had audited these financial statements, separate and consolidated, of the year 2020, issuing their Statutory Auditor's Report and Auditor's Report on 30 April 2021, without qualifications but with one emphasis of a matter where is stated that the opinion is unqualified but covers the following matters:

- (i) the current game concession contracts for exclusive exploration of Estoril and Póvoa de Varzim gaming zones ends on 31 December 2021 and 2023, respectively.
- (ii) Following the pandemic Covid 19, the physical casinos have been closed as from 14 March 2020, being reopened with limitations after 8 June 2020; it should be noted that the online games and sporting bets activities were never suspended.
- (iii) The outcome of the concession process from the tender for the exploitation of the above-mentioned gaming zones beyond the dates considered, in the conditions to be stipulated by the Portuguese Government, the duration of the current closing period of the physical casinos as well as other possible measures to be taken by Portuguese authorities related to the contention of Covid-19, will be fundamental to determine the recoverable value of the assets the **Group Estoril Sol**.
- (iv) Based on the financial capability of the Group Estoril Sol and in the other available information the Board of Directors continues to consider that the adoption of the going concern accounting principle is appropriate in these financial statements, separate and consolidated.

Due to the relevance of the document, this Statutory Audit Board also refers that received from Deloitte an “Additional Report to the Statutory Audit Board” which included, in a very detailed manner, the analysis on the key audit matters and for all the other relevant areas for the audit of the financial statements, separate and consolidated, of 2020, as well the audit conclusions and some internal control recommendations.

Furthermore, this Statutory Audit Board obtained the communication of the independence requirements from Deloitte declared to the Group Estoril Sol as required by article 71 of the Statutes of the Statutory Auditors (Ordem dos Revisores Oficiais de Contas) and the confirmation that no prohibited services were performed to the Group, as required by nº 8 of article 77 of the same Statutes.

As such, following the meetings held with Deloitte and based on the above-mentioned document and all clarifications we were provided, we hereby express our agreement to their Statutory Auditor’s Report and Auditor’s Report, which is considered fully reproduced in this Report and Opinion.

I.5. Other matters

Considering its duties, this Statutory Audit Board verified that the Government Report includes all the elements required by the nº 1 of the article 245-A of the Portuguese Securities Code (Código dos Valores Mobiliários).

Further, this Statutory Audit Board informs in accordance with nº 1 and 2 of the article 245-C of the Portuguese Securities Code (Código dos Valores Mobiliários) the Corporate Governance Report includes the Report on Remunerations.

Further, this Statutory Audit Board paid particular attention to the following:

- Fulfillment of the “Compliance” program, based on a duly approved Code of Conduct, including among other activities the importance of detecting all practices under money laundering and terrorist financing and preventing other undue practices as well as a newly implemented Code of Ethics and Professional Conduct that covers excellence standards of professional behavior both internal and with external entities, mechanisms for preventing prohibited practices and introduces also controls to monitor all these matters.
- The detailed monitoring of the relevant legal claims in which **Group Estoril Sol** and its subsidiaries are involved, through regular meetings with the Legal Department, which are duly described in the notes to the accounts, separate and consolidated.
- The consolidated non-financial statement provided for in article 508-G of the Portuguese Commercial Companies Code is included in the Annual Management Report.

Considering the relevance of the following matters, we draw the attention to the “Subsequent Events” mentioned in Chapter 15 of the Annual Management Report and in the Note 31 of the Annex to the consolidated financial statements. In particular, that the pandemic Covid-19 continues to impact the activity of the Group Estoril Sol in 2021, as follows:

- As a consequence of the Decree-Law 3-A/2021, it was determined on 15 January 2021 the temporary closing of the physical casinos exploited by the **Group Estoril Sol**, subsequently extended by the Decrees 3-D/2021, 3-F/2021, 4/2021 and 7/2021. As of today, the online operations continue. As such, the extension of the impact in the future consolidated financial position of the Group will depend of the evolution of the pandemic, the measures to be taken and the overall performance of the economy in this period.
- In this context, the subsidiaries Estoril Sol (III) and Varzim-Sol decided, on 15 January 2021, to appeal for the simplifies lay-off as published by Decree-Law 10-G/2020, dated 26 March and the Decree-Law 6-E/2021, dated 15 January, that temporarily suspends the labor contracts or allows the reduction of the working hours of the workers in those companies.

II. Opinion

Considering the above, we are of the opinion that, taking into account the content of the Statutory Auditor's Report and Auditor's Opinion issued by Deloitte, the financial statements, separate and consolidated, referred to above and the Annual Management Report that includes the proposal for annual distribution of the results, as of 31 December 2020, are in accordance with the accounting principles and applicable statutes, and may be approved at the General Meeting of **Estoril Sol SGPS, SA**.

Declaration

The Statutory Audit Board, pursuant to and for the purposes of the provisions under c) of no.1 of article 245 of the Portuguese Securities Code, declares that, to the best of our knowledge, the information contained in the financial statements, separate and consolidated, relating to the year 2020 was prepared in conformity with the International Financial Reporting Standards (IFRS) as adopted in the European Union, presenting a true and fair view of the financial position, the profit and loss, the changes in equity and the cash flows of **Estoril Sol** and **Group Estoril Sol**, and that the management and corporate governance reports faithfully demonstrates the progress of the business, the performance and financial position of the company, and contains a description of the main risks and uncertainties they are faced with.

We also wish to express our appreciation to the Board of Directors and to the internal departments of **Group Estoril Sol** for their cooperation.

Estoril, 30 April 2021

Manuel Maria Reis Boto

Vitor Pratas Sevilhano

Paulo Ferreira Alves

