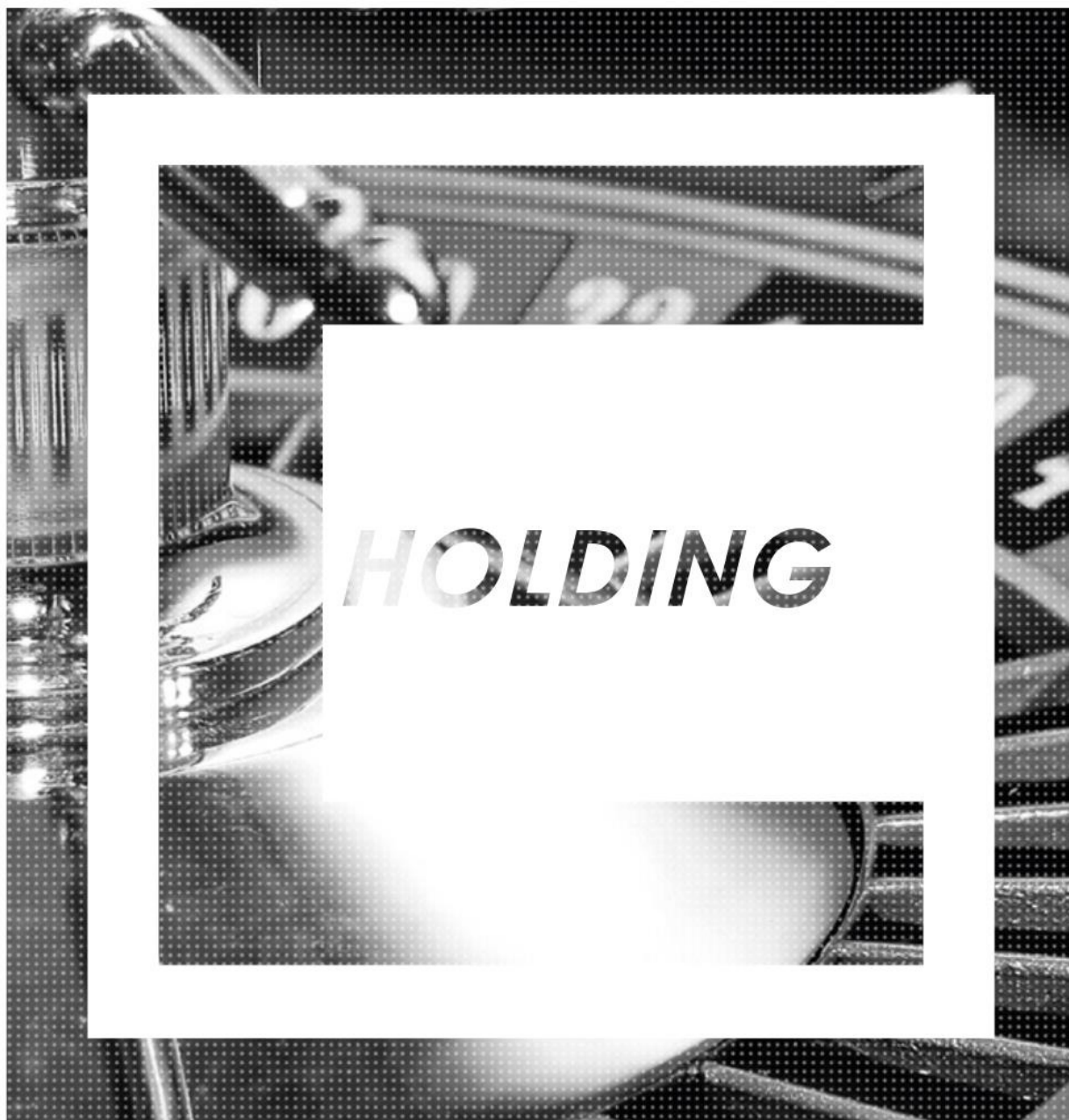


MANAGEMENT REPORT AND ACCOUNTS

2022



Estoril-Sol, S.G.P.S., S.A.

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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GOVERNING BODIES

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

REMUNERATION COMMITTEE

Chairman	- Pansy Catilina Chiu King Ho
Members	- Jorge Armindo de Carvalho Teixeira - Daisy Chiu Fung Ho

BOARD OF DIRECTORS

Chairman:	- Pansy Catilina Chiu King Ho
Deputy-Chairman:	- Mário Alberto Neves Assis Ferreira
Members	- António José de Melo Vieira Coelho - Calvin Ka Wing Chann - Daisy Chiu Fung Ho - Jorge Armindo de Carvalho Teixeira - Maisy Chiu Ha Ho - Miguel António Dias Urbano de Magalhães Queiroz - Vasco Esteves Fraga

AUDIT BOARD

Chairman	- Manuel Maria Reis Boto
Deputy-Chairmen	- Paulo Ferreira Alves - 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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MANAGEMENT REPORT

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 2022, 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, SA 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 semester we regularly monitored in detail the current management of the subsidiary companies, giving particular attention to the evolution of gaming revenues and their recovery in this period, which coincided with the end of the limitations imposed on the normal operation of territorial-based activities within the scope of of the measures to contain the Covid-19 pandemic, and that negatively affected the years 2020 and 2021. We have also followed with increased attention and expectation the launch of public tenders for land-based gaming concessions, namely in the permanent gaming areas of Estoril and Figueira da Foz.

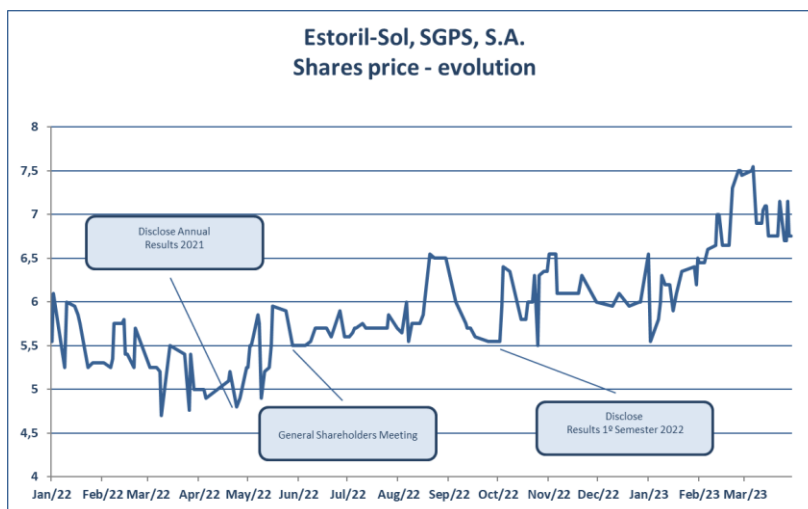
2. SHARE CAPITAL, SHARES AND DIVIDENDS

At 31st December 2022, 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).

At the time this report was prepared, ESTORIL SOL, SGPS, S.A. held 62.565 treasury shares.

During the year 2022, the Company, did not sold or acquired own shares.

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

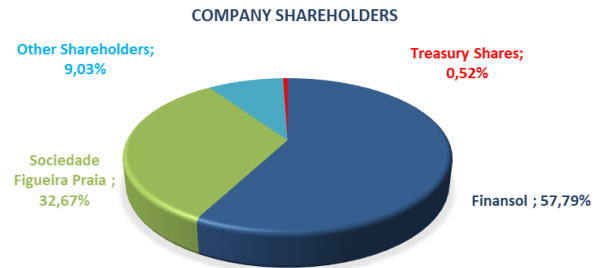


MANAGEMENT REPORT

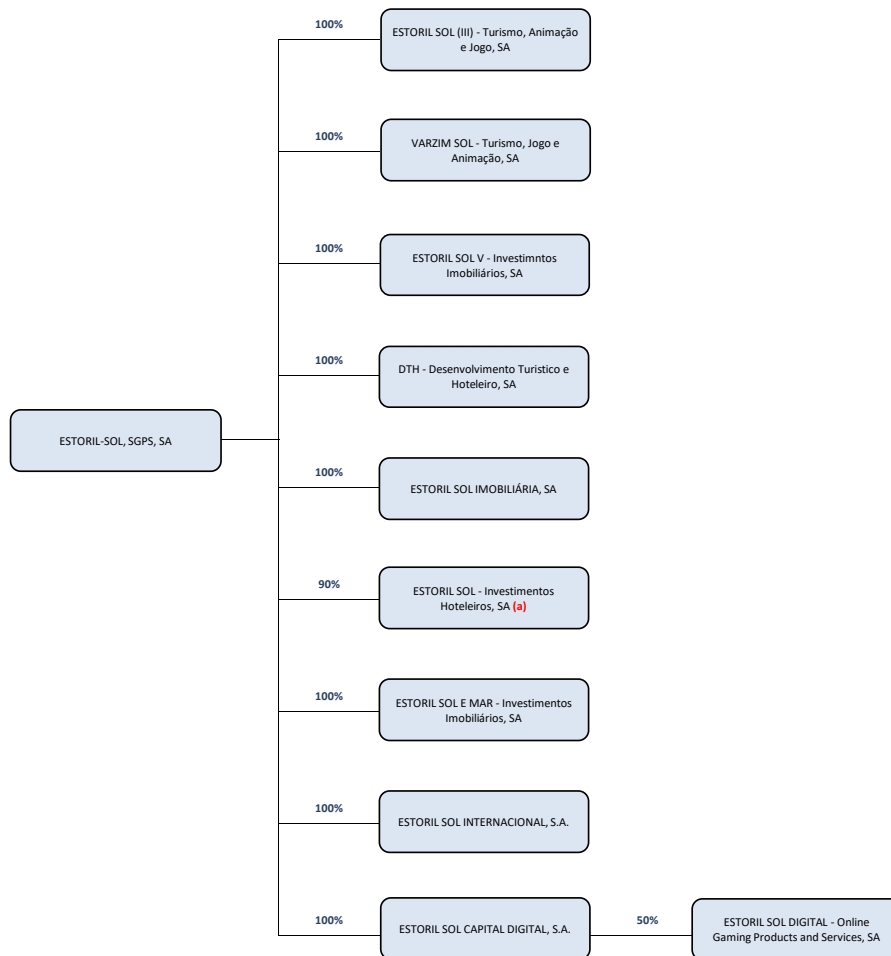
The price and trading volume of Estoril-Sol, SGPS, SA securities, on the dates of reporting to the market during the year 2022 were according table below:

Disclosure	Date	Qtyd	Price (Euros)			
			Open	High	Low	Close
Annual results for 2021	29/04/2022	87	4,76	4,90	4,76	4,90
Annual Shareholders Meeting	31/05/2022	130	5,50	5,50	5,50	5,50
Results - 1st Semester 2022	30/09/2022	100	5,55	5,55	5,55	5,55

As at December 31st, 2022 the Company had two reference shareholders, which control 90,46% of the share capital, as infographics to the right:



3. ESTORIL-SOL GROUP OF COMPANIES



(a) - Holds 10% of its Share Capital

MANAGEMENT REPORT

On December 31st, 2022, 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.

4. RELEVANT FACTS OCCURRED DURING THE YEAR

At the end of the 2021 financial year, and within the context of the Covid-19 pandemic, whose measures adopted by the Government to contain the disease, admittedly produced significant negative impacts in game concessions operations, first of all due to the imposition of the closure of casinos for long periods of time during the course of the years 2020 and 2021, and by other several restrictions, namely in terms of timetables and capacity allowed within the casinos during the periods in which it was possible to resume activity, Decree-Law No. 103/2021 of 24th November and Order No. 80/2021 of 13th December, from the Minister of State, Economy and Digital Transition, were published, provided for the possibility to extend the expiration date of the concession contracts, Estoril until December 31st, 2022 and Póvoa until December 31st, 2025. They also came to define under what terms the extension could occur, allowing gaming concessionaires to present the assessment of the economic and financial rebalance of the concession contracts and determine the eligible requirements that should be met in order to allow for the rebalance of the contracts. The amendments to the concession contracts for Estoril and Póvoa gaming areas were formalized on March 2nd, 2022. On the same day, March 2, 2022, the establishment of an arbitration agreement following the withdrawal of the lawsuits that ran in the Administrative and Tax Courts was also formalized.

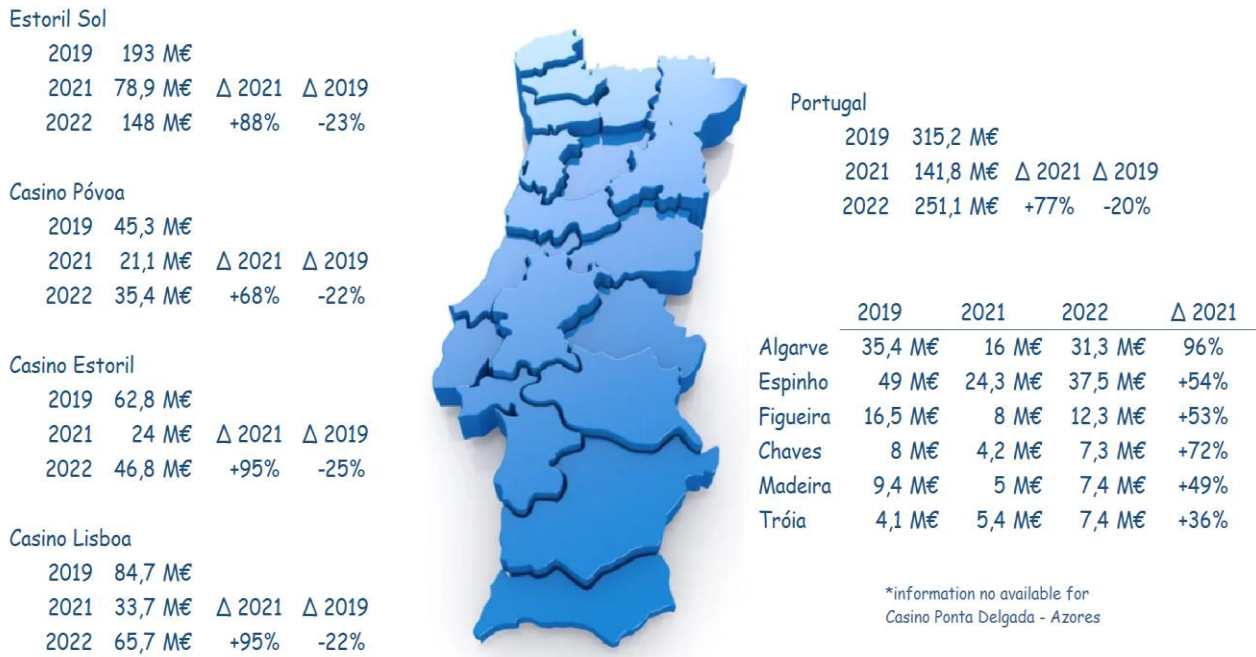
In August 2022, the announcement the international public tender regarding the Estoril Gaming Zone concession was published, which would be attributed to Estoril-Sol (III) - Turismo, Animação e Jogo S.A., a subsidiary company of Estoril Sol, SGPS, S.A.. On December 30, 2022, through Decree-Law No. 90-E/2022, the Government authorized, exceptionally, the extension of the Estoril game concession in force until the beginning of the new game concession, this extension not being able to exceed the maximum period of 6 months. On January 30, 2023, the Portuguese State and Estoril Sol (III) - Turismo, Animação e Jogo S.A. signed a concession contract for Estoril gaming zone. The new concession of the Estoril game zone began on the date the contract was signed and will end on the 31st (thirty-first) of December of the 15th (fifteenth) year after the beginning its exploitation, that is, December 31, 2037.

Initially, an injunction was filed within the Administrative Court of Lisboa, invoking the pre-contractual regime which resulted in the immediate suspension of the subsequent terms of the public tender. This action was judged imprudent. In this regard, there is still a legal action pending in the Administrative Court of Lisbon brought by the other contender in order to cancel the jury's decision to exclude their submitted proposal, claiming the following: the admission of the proposal submitted as there is no valid reason for exclusion and order it in first place with consequent award of the concession contract. This lawsuit does not have suspensive effects on the current concession contract in execution signed between the Portuguese State and Estoril Sol (III) - Turismo, Animação e Jogo S.A. Additionally, an injunction was also filed within the Administrative Court of Lisboa, regarding the contract formation procedure requesting that the suspension of the execution of the Estoril concession contract to be decreed. The Board of Directors is convinced of its position, understanding that the arguments presented by the Group are solid and will guarantee the maintenance of the decision to attribution the concession of the Estoril Gaming Zone to Estoril Sol, with none of the events mentioned above preventing Estoril Sol from proceed with its plans for the new concession.

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

- TERRITORIAL CASINO GAME REVENUES

GROSS GAME REVENUES (excluding bónus given)
2022 / 2021 / 2019 (pre-pandemic)



Values: Million Euros

Important note:

Remember for comparative purposes that during the first half of 2021, and through the implementation of exceptional and temporary measures regarding the epidemiological situation of the Covid-19 Pandemic, physical casinos closed on January 14th, reopened in May 2021 (all) to close again during the 2nd half of June 2021 (Estoril and Lisbon).

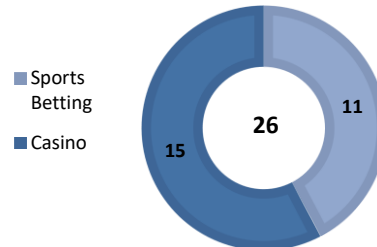
The period in which it was possible to resume activity was marked by several restrictions, namely in terms of opening hours and maximum allowed capacity of the casinos.

- **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 31st, 2022, 15 entities were authorized to engage in online gambling and betting activities in Portugal. Taken as a whole, those entities hold 26 licenses, 11 licenses for sports betting and 15 licenses for online casino.

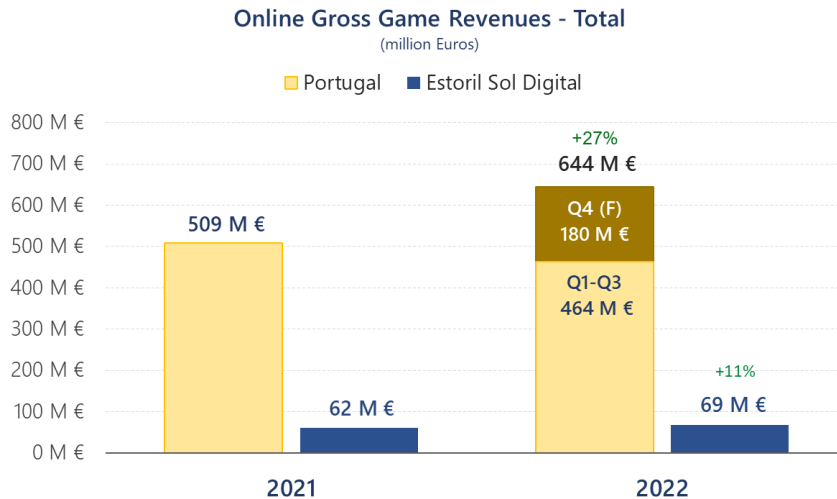
ONLINE LICENSES



With reference to December 31st, 2022, 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, 2025 after renewal for an additional period of 3 years, and renewable for periods of three years;
- online sports betting license (license n°8) 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.

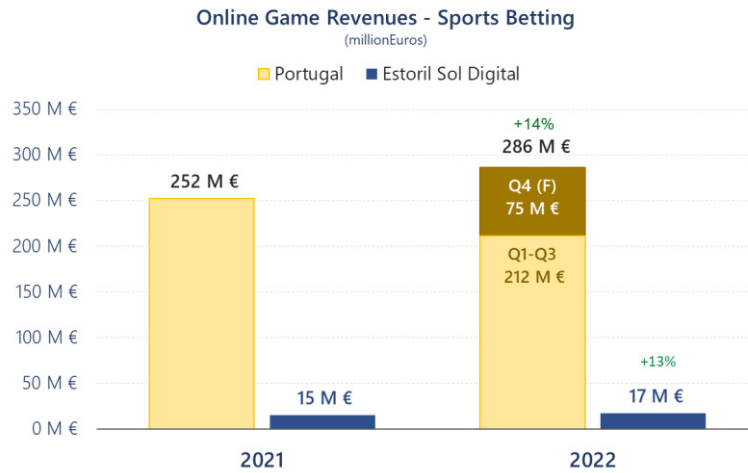
During 2022, online gaming in Portugal generated gross revenue (amount of bets after deducting paid prizes) in the global amount of 644 million Euros, a growth of 27% compared to the 509 million Euros generated in 2021.



(1) In the absence of information provided by SRIJ for the 4th quarter of 2022, the Group used a forecast estimated by itself (F) for comparative purposes.
 (2) For comparative purposes, Estoril Sol's revenues exclude the effect of bonus given.

- Sports Betting

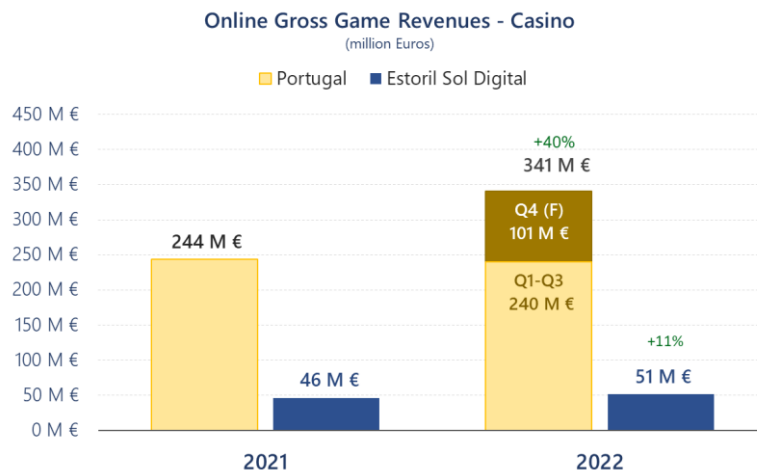
The sports betting segment is responsible for 44% (50% in 2021) of the market value and generated gross revenues of 286 million Euros, which corresponds to a growth of 14% compared to the previous year.



Estoril Sol Digital's gross revenue from sports betting, excluding the effect of game bonuses given, represent 6% (6% in 2021) of the total revenue generated in Portugal from this type of bet, amounting to 17 million Euros (15M€ in 2021), a growth rate of 13% compared to the previous year.

- Casino

The Casino segment represents 53% (48% in 2021) of the market and generated gross revenues of 341 million Euros, which corresponds to a growth of 40% compared to the previous year.



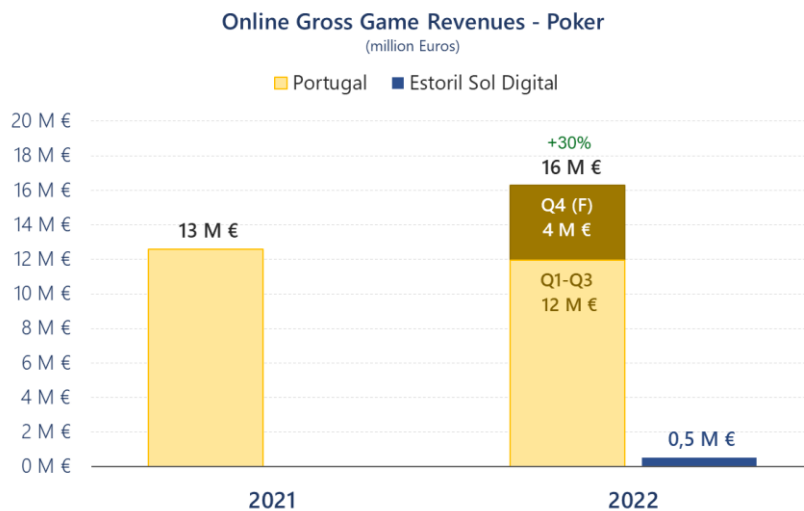
Estoril Sol Digital's gross gaming revenues, excluding the effect of game bonuses given, represent 15% (19% in 2021) of total revenues generated in Portugal, amounting to 51 million Euros (46 in 2021) and grew by 11% compared to the previous year.

- Poker

Estoril Sol Digital started its Poker operation in February 2022. This operation is associated with the casino games license and takes place in two modes, cash and tournament. This operation is carried out in partnership with Aconcagua Juegos, S.A. on a shared liquidity basis with Spain.

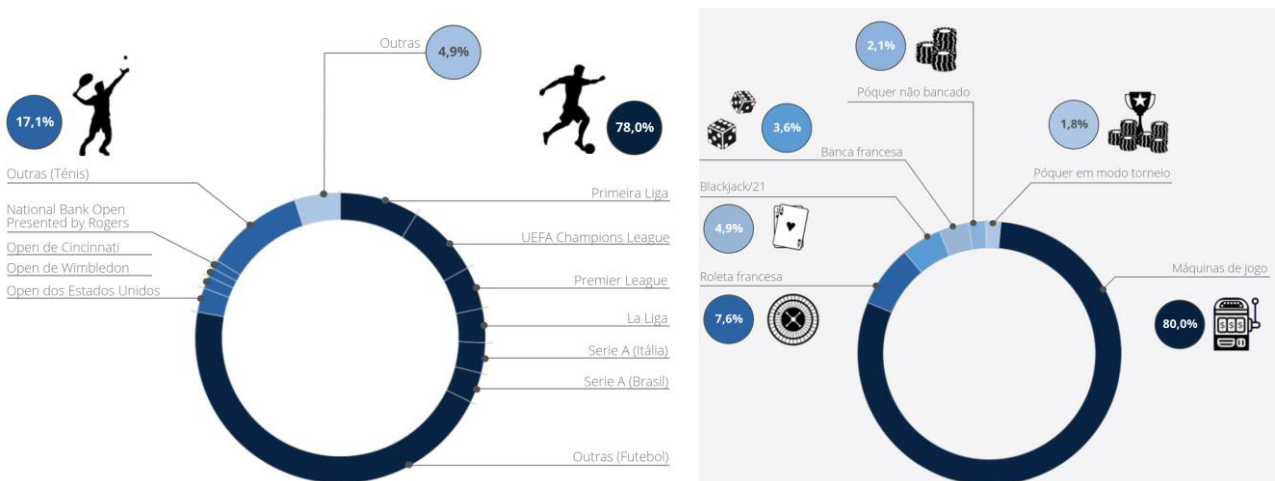
Poker represents 3% (2% in 2021) of the market and generated gross revenues of 16 million Euros, which corresponds to a growth of 30% compared to the previous year

Estoril Sol Digital's poker revenues, excluding the effect of game bonuses given, represent 3% of total revenues generated in Portugal, amounted to 0.5 million Euros in 2022, the first year of activity.



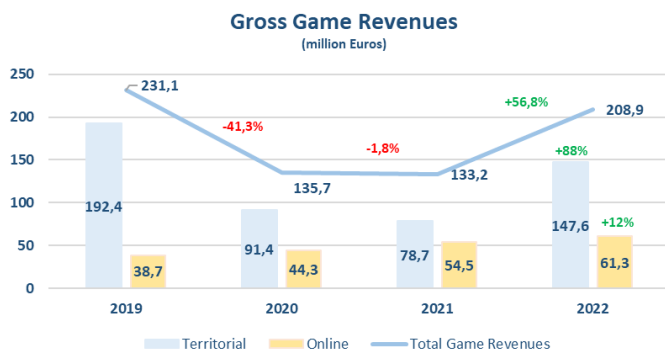
- Profile of online betting in Portugal

Players' preference by type of game is shown below, based on activity data for the third quarter of 2022. (Source: Report of the 3rd Quarter of Online Gambling Activity in Portugal from the SRIJ - Portuguese Gaming Inspection Regulation Service)



6. FINANCIAL ANALYSIS – ESTORIL SOL SUMMARY

♣ Game Revenues (deducted from bonus given)



	2021		2022
Estoril	24	95%	46,7
Lisboa	33,6	95%	65,5
Póvoa	21,1	68%	35,4
Sub-Total Territorial	78,7	88%	147,6
Casino	41,5	11%	46,2
Sports Betting	13	16%	15,1
Sub-Total Online	54,5	12%	61,3
Grupo Estoril Sol	133,2	56,8%	208,9

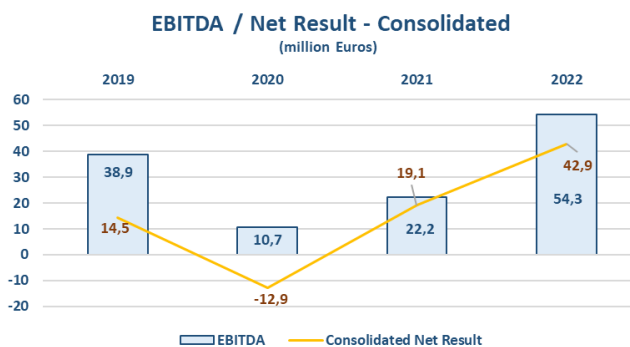
million Euros

During 2022 the Group's total game revenues (territorial and online) amounted to 208,9 million Euros, having recorded an overall growth of 56,8%. The evolution of gaming revenues was significantly affected by the effects caused by the Covid-19 pandemic. It is important to emphasize here, and for comparative purposes, remember that during the first half of 2021, and through the implementation of exceptional and temporary measures regarding the epidemiological situation of the Covid-19 Pandemic, physical casinos closed on January 14th, reopened in May 2021 (all) to close again during the 2nd half of June 2021 (Estoril and Lisbon). When compared to 2019, the pre-pandemic period, global gaming revenues are still at a level 9,6% lower than recorded in that year, and if we have territorial-based revenues as a reference, these are 23% below those recorded in 2019, i.e. 147,6 million Euros recorded in 2022 compared to 192,4 million Euros reached in 2019. In the opposite direction, the Estoril Sol Group's online game revenues show positive growth rates in all years of the four-year period under analysis, with a 12% growth achieved in 2022.

◆ Group Consolidated Results

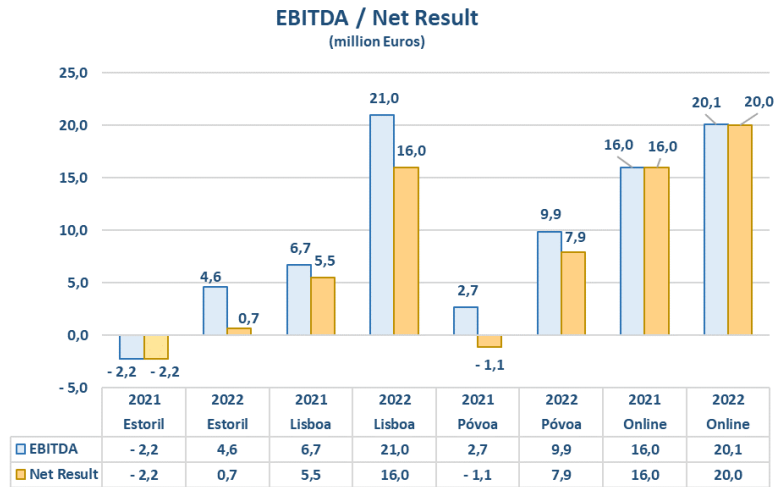
In 2022, the Group's consolidated EBITDA increased by 144% compared to 2021, reaching 54,3 million Euros.

In 2022, the Group has positive Consolidated Net Results in the amount of 42,9 million Euros, which compares with earnings of 19,1 million Euros achieved in the previous year. This improvement was mainly due to the absence of activity limitations in 2022, limitations that had strongly conditioned the activity of physical casinos during the previous year, to the implementation of the measures provided for in Decree-Law nº103/2021 of 24th November with the aim of mitigating the negative impacts felt during the period of the pandemic and immediately after, caused by the adoption of measures restricting economic activity with a view to control the disease Covid-19, and also to the improvement of the results from the online operation.

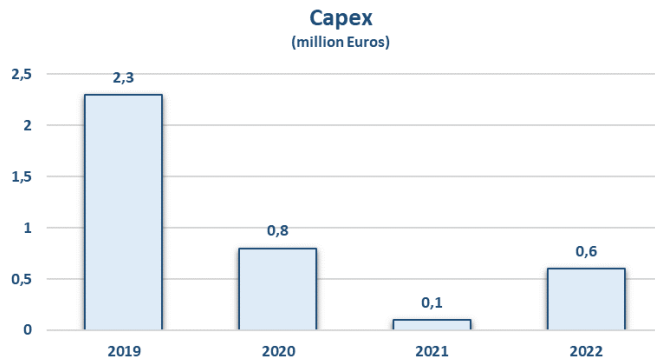


♥ Performance by Segment/Casino

In 2022 all the Group's casinos improved their results compared to the same period of the previous year, and all of them recorded gains as a result of their operations (in 2021 Casino do Estoril and Casino da Póvoa had recorded losses as a result of their operations).



♠ Capex

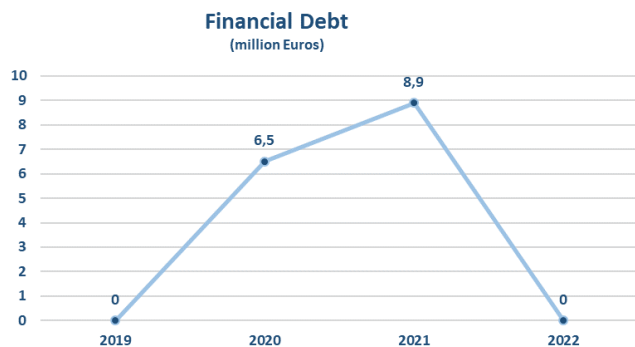


(previous ended date December 2023).

The reduction in the volume of investments made by the Group in recent years coincides with the approaching end of the land-based game concession contracts, namely, the Estoril Concession, which includes Casino Estoril and Casino Lisboa. The investment made in 2022 was made in the Póvoa operation within the scope of the extension of the gaming concession until December 2025

♣ Financial Debt

The good results achieved in 2022 allowed the full settlement of the Group's banking liabilities. The Group's cyclical banking liabilities originated from the activity limitations that occurred during the years 2020 and 2021 resulting from the adoption of measures to control the Covid-19 pandemic. The Group's credit liabilities were mainly parked in the Casino da Póvoa operation.



7. FINANCIAL ANALYSIS - CONSOLIDATED ACCOUNTS

	2022	2021	Var %
Gross Game Revenue	208 873 367	133 162 385	57%
Games Taxes	(74 703 485)	(52 489 052)	42%
Net Game Revenue	134 169 882	80 673 333	66%
Government Grant (Lay-Off)	2 134	4 562 824	
Other revenue (F&B / Entertainment)	5 744 174	2 842 058	102%
Operating Costs	(85 602 927)	(65 830 115)	30%
EBITDA	54 313 263	22 248 100	144%
Amortization and Depreciation	(11 202 139)	(2 702 410)	315%
Financial Costs	(163 784)	(293 295)	-44%
Corporate Income Tax (IRC)	(78 808)	(106 013)	-26%
Consolidated Net Result	42 868 532	19 146 382	124%
Equity holders of the Parent Company	32 848 885	11 162 223	194%
Non-Controlling Interests	10 019 647	7 984 159	25%
	42 868 532	19 146 382	
Net result per share	2,75	0,94	

During the year 2022, the Group recorded combined gross game revenues, territorial and online, in the total amount of 208,9 million Euros, having registered an overall growth of 57% compared to the same period of the previous year. After deducting the Game Taxes, the Group's total game revenues amounted to 134,2 million euros, an increase of 66% compared to the 80,7 million euros achieved in 2021.

The evolution of game revenues was significantly affected by the effects caused by the Covid-19 pandemic. It is important to emphasize here, and for comparative purposes, remember that during the first half of 2021, and through the implementation of exceptional and temporary measures regarding the epidemiological situation of the Covid-19 Pandemic, physical casinos closed on January 14th, reopened in May 2021 (all) to close again during the 2nd half of June 2021 (Estoril and Lisbon). When compared to 2019, the pre-pandemic period, global game revenues are still at a level 9,6% lower than the values recorded in that year, and if we have territorial-based revenues as a reference, these are 23% below the values achieved in 2019.

In 2021, the Group had received 4.5 million euros in state support resulting mainly from the use of the simplified "Lay-Off" mechanism. The Group's operating costs increased by 30% compared to 2021 arising mainly from the normal resumption of activity. The Group's operating results (EBITDA) improved by 144% and reached 54,3 million Euros. This improvement was mainly due to the absence of activity limitations in 2022, limitations that had strongly conditioned the activity of the previous year.

In 2022 all the Group's casinos improved their results compared to the same period of the previous year, and all of them recorded gains as a result of their operations (in 2021 Casino do Estoril and Casino da Póvoa had recorded losses as a result of their operations).

The Consolidated Net Profit of the year 2022 was positive by 42,9 million Euros which compares with earnings of 19,1 million Euros in the previous year. Of these 42,9 million Euros, 32,9 million Euros belong to the shareholders of Estoril-Sol, SGPS, S.A, and earnings of 10 million Euros to minority and non-controlling interests.

The future:

The Estoril Sol Group, leader in Portugal in the casino gaming industry on a territorial basis and with a strong online presence, started in 2023 a new cycle that coincides with the attribution of the new game concession of Estoril. It is with great enthusiasm that the Group starts this new project and reinforces its leadership position in the sector. Enthusiasm is great, future challenges will certainly not be smaller. The uncertainties that still exist regarding the speed of recovery of physical gaming revenue levels to pre-pandemic levels, which are in 2022 still 23% below when compared to 2019, the demanding future financial needs arising from the investment to be made within the scope of new game concession in Estoril, a more demanding regulatory pressure at various levels, such as, for example, measures to combat money laundering and financing of terrorism, in addition to what has now been exposed, the general context of uncertainty associated with current geopolitical tensions, advise looking to the near future with moderate optimism and cautious expectations.

The Board of Directors assessed the Group's ability to operate as a going concern, based on all relevant information, facts and circumstances, of a financial, operational or other nature, including subsequent events, at the reference date of the financial statements, available on the future. As a result of the assessment carried out, the Board of Directors concluded that the Group has adequate resources to maintain its activities, concessions and gaming license and sports betting license.

8. 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	
	2022	2021
Casino do Estoril	344	343
Casino de Lisboa	303	313
Casino da Póvoa	219	225
Casino Online	34	33

9. 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 the legal framework in force, it is clarified that this chapter was not prepared 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 organization 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 license in online games of chance. The license 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, 2022, 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.

MANAGEMENT REPORT

On December 31st, 2022, 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 2022, 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.

European Union green taxonomy

Pursuant to article 8 of the "Taxonomy Regulation – EU 2020/852" and article 10 of the "Delegated Regulation (EU 2021/2178) – Climate Delegated Act", of January 1, 2022, Non-Financial Companies disclose the proportion of economic activities eligible and not eligible for the taxonomy in relation to their total turnover, capital expenditures and operating expenses.

ESTORIL-SOL, SGPS, S.A., holding company of the Estoril Sol Group, holds, indirectly, through subsidiary companies, interests in the Tourism sector and, in particular, in the activity of gambling in Casinos, through the exploration of concessions of games of fortune or gambling in the permanent gambling zones of Estoril (Casino do Estoril and Casino de Lisboa) and Póvoa de Varzim (Casino da Póvoa). The Company has been present since 2016 through one of its subsidiaries in the online gaming business, holding two licenses, one for operating online games of chance or gambling and the other for online sports betting.

From the analysis carried out on the operations of the Estoril Sol Group, it is concluded that they are not eligible, on the present date, for the purposes of applicability of the "Delegated Climate Act", in accordance with Annex I – Mitigation of Climate Change and Annex II – Adaptation to Climate Change.

MANAGEMENT REPORT

Below are the summary tables prepared pursuant to Annex II of Commission Regulation (EU) 2021/2178:

Turnover:

thousands euros

Economic activities	Codes(2)	Turnover(3)	Turnover Ratio (4)	Turnover n-1
			%	
A. Activities Eligible for Taxonomy				
A.1 Environmentally sustainable activities (Aligned with Taxonomy)				
Total Turnover		0	0%	0
A.2 Activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)				
Total A2		0	0%	0
Total A1 + A2		0	0%	0
B. Activities Not Eligible for Taxonomy				
Total Turnover		139 916	100%	88 078
A+B		139 916	100%	88 078

Capital Expenses (CAPEX)

thousands euros

Economic activities	Codes(2)	Turnover(3)	Turnover Ratio (4)	Turnover n-1
			%	
A. Atividades Elegíveis para Taxonomia				
A.1 Atividades sustentáveis do ponto de vista ambiental (Alinhadas com a Taxonomia)				
Volume de Negócios Total		0	0%	0
A.2 Atividades elegíveis para a taxonomia mas não sustentáveis do ponto de vista ambiental (atividades não alinhadas pela taxonomia)				
Total A2		0	0%	0
Total A1 + A2		0	0%	0
B. Atividades Não Elegíveis para Taxonomia				
Volume de Negócios Total		606	100%	132
A+B		606	100%	132

MANAGEMENT REPORT

Operational Expenses (OPEX)

thousands euros

Economic activities	Codes(2)	Turnover(3)	Turnover Ratio (4) %	Turnover n-1
A. Atividades Elegíveis para Taxonomia				
A.1 Atividades sustentáveis do ponto de vista ambiental (Alinhadas com a Taxonomia)				
Volume de Negócios Total		0	0%	0
A.2 Atividades elegíveis para a taxonomia mas não sustentáveis do ponto de vista ambiental (atividades não alinhadas pela taxonomia)				
Total A2		0	0%	0
Total A1 + A2		0	0%	0
B. Atividades Não Elegíveis para Taxonomia				
Volume de Negócios Total		96 805	100%	68 533
A+B		96 805	100%	68 533

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 2021, 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 behaviors 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 behaviors.

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 organizations specialized in helping in situations of addiction. Daily awareness and counselling from professionals in the gaming areas, recommending to customers behaviors 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 organizations 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 organizing 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 program;
- 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 recognized splendor, 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 labor;
- 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 labor 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 labor, 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 legitimizes 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 favors 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 favorable 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 655 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 2021, 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 specialized security company. Added to these are electronic security systems, duly notified and authorized by legal entities.

Keeping in mind the prevention and minimization of the risks inherent in their activities, they have specialized 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 2022, 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 900 employees that were part of the Estoril Sol Group workforce during 2022, 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 organizational 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 favoritism 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 organize specific and periodic training programs 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 organized 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 behaviors, 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**

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 formalize 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.

10. 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.

11. 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 2025), which includes the exploration of Casino da Póvoa, and the Estoril concession contract (until 2022), which includes Casino do Estoril and Casino de Lisboa. In August 2022, the announcement of the international public tender regarding the Estoril Gaming Zone concession was published, which would be awarded to Estoril-Sol (III) - Turismo, Animação e Jogo S.A., a subsidiary company of Estoril Sol, SGPS, S.A. On December 30, 2022, through Decree-Law No. 90-E/2022, the Government authorized, exceptionally, the extension of the Estoril game concession in force until the beginning of the new game concession, this extension not being able to exceed the maximum period of 6 months. On January 30, 2023, the Portuguese State and Estoril Sol (III) - Turismo, Animação e Jogo S.A. signed a concession contract for Estoril gaming area. The new concession of the Estoril game zone began on the date the contract was signed and will end on the 31st (thirty-first) of December of the 15th (fifteenth) year after the beginning its exploitation, that is, December 31, 2037.

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, 2025 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 concessionaries 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.

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 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 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.

12. SUBSEQUENT FACTS

Between December 31st, 2022 and the date of this report, there were no relevant facts that could materially affect the financial position and future results of Estoril-Sol, SGPS, S.A. and the other Group Companies, in addition to those indicated below:

In August 2022, the announcement of the international public tender regarding the Estoril Gaming Zone concession was published, which would be attributed to Estoril-Sol (III) - Turismo, Animação e Jogo S.A., a subsidiary company of Estoril Sol, SGPS, S.A.. On December 30, 2022, through Decree-Law No. 90-E/2022, the Government authorized, exceptionally, the extension of the Estoril game concession in force until the beginning of the new game concession, this extension not being able to exceed the maximum period of 6 months. On January 30, 2023, the Portuguese State and Estoril Sol (III) - Turismo, Animação e Jogo S.A. signed a concession contract for Estoril gaming zone. The new concession of the Estoril game zone began on the date the contract was signed and will end on the 31st (thirty-first) of December of the 15th (fifteenth) year after the beginning its exploitation, that is, December 31, 2037.

Initially, an injunction was filed within the Administrative Court of Lisboa, invoking the pre-contractual regime which resulted in the immediate suspension of the subsequent terms of the public tender. This action was judged imprudent. In this regard, there is still a legal action pending in the Administrative Court of Lisbon brought by the other contender in order to cancel the jury's decision to exclude their submitted proposal, claiming the following: the admission of the proposal submitted as there is no valid reason for exclusion and order it in first place with consequent award of the concession contract. This lawsuit does not have suspensive effects on the current concession contract in execution signed between the Portuguese State and Estoril Sol (III) - Turismo, Animação e Jogo S.A. Additionally, an injunction was also filed within the Administrative Court of Lisboa, regarding the contract formation procedure requesting that the suspension of the execution of the Estoril concession contract to be decreed. The Board of Directors is convinced of its position, understanding that the arguments presented by the Group are solid and will guarantee the maintenance of the decision to attribution the concession of the Estoril Gaming Zone to Estoril Sol, with none of the events mentioned above preventing Estoril Sol from proceed with its plans for the new concession.

13. 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.

14. 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.

MANAGEMENT REPORT

Estoril, 20th of April, 2023

The Board of Directors

- | | |
|-----------------|---|
| - Chairman | - Pansy Catilina Chiu King Ho |
| - Vice-Chairman | - Mário Alberto Neves Assis Ferreira |
| - Directors | - António José de Melo Vieira Coelho |
| | - Calvin Ka Wing Chann |
| | - Daisy Chiu Fung Ho |
| | - Jorge Armindo de Carvalho Teixeira |
| | - Maisy Chiu Ha Ho |
| | - Miguel António Dias Urbano de Magalhães Queiroz |
| | - Vasco Esteves Fraga |

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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-2022	% Share Capital	% Voting rights
Finansol - Sociedade de Controlo, SGPS, S.A.	6 930 604	57,79%	58,09%
Sociedade Figueira Praia, S.A.	3 917 793	32,67%	32,84%
Other shareholders	1 082 722	9,03%	9,07%
Treasury shares	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 90,45% of the share capital and 90,93% of the voting rights.

As at 31 December 2022, the structure of qualifying holdings in Estoril-Sol, SGPS, S.A., calculated in accordance with article 20 of the Portuguese Securities Code ("CVM"), was as follows:

Shareholder	No of Shares 31-Dec-2022	% Share Capital	% Voting rights
Finansol - Sociedade de Controlo, SGPS, S.A.	6 930 604	57,79%	58,09%
Sociedade Figueira Praia, S.A.	3 917 793	32,67%	32,84%
Other shareholders	1 082 722	9,03%	9,07%
Treasury shares	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 2022 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 2022, 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 2.209 shares of ESTORIL-SOL, S.G.P.S., S.A., corresponding to 0,02% 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 81%, and 58,11% to the voting rights.

SOCIEDADE FIGUEIRA PRAIA, S.A.

On 31 December 2022, ESTORIL-SOL, S.G.P.S., S.A. held 62.565 treasury shares, and, as SOCIEDADE FIGUEIRA PRAIA, 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 2022.

	Nr shares 31.12.21	Date	Value (€/share)	Nr shares purchased	Nr shares sold	Nr shares 31.12.22
Board of Directors						
Pansy Catilina Chiu King Ho	0	-	-	-	-	0
Mário Alberto Neves Assis Ferreira	601	-	-	-	-	601
Maisy Chiu Ha Ho	0	-	-	-	-	0
Daisy Chiu Fung Ho	0	-	-	-	-	0
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
Audit Board						
Manuel Maria Reis Boto	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 2022, 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 re-elected in the General Meeting of 28th June 2021, for the years 2021 to 2024.

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 2021)

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, 2022 was as follows:

Composition of the Board of Directors:

Chairman: Dr^a. Pansy Catllina Chiu King Ho

Deputy Chairman: Dr. Mário Alberto Neves Assis Ferreira

Members: Dr^a. Maisy Chiu Ha Ho
Dr^a Daisy Chiu Fung Ho
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 28th June 2021, for the years 2021 to 2024.

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

- Dr^a Pansy Catllina Chiu King Ho – 2010
- Dr. Mário Alberto Neves Assis Ferreira – 1984
- Dr^a. Maisy Chiu Ha Ho – 2020
- Dr^a Daisy Chiu Fung Ho – 2021
- 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 2022 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 2022 he held 601 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 2022 she held no shares in the share capital of Estoril-Sol, SGPS, SA.

DAISY CHIU FUNG HO

Degree in Business Management from the University of Southern California in the United States in 1987 and a Master's in Business Management from the University of Toronto in Canada in 1990. Of the professional activity carried out in the last five years in Portugal, Macau and Hong Kong, we highlight the functions performed as Chairman of the Board of Directors, in Portugal, of Orintenjoy, S.A and Credicapital, SGPS,S,A, in Macau of SJM Resorts, S.A. and in Hong Kong from SJM Holdings Limited.

She was elected, on June 28, 2021, for the first time to the Board of Directors of Estoril-Sol, SGPS.

As at 31 December 2022, she did not hold shares representing 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 2022 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 2022 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.

On 31 December 2022 he did not hold any shares in the share capital of Estoril-Sol, SGPS, SA

CALVIN KA WING CHANN

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.

On 31 December 2022 he held 1000 shares in the share capital of Estoril- Sol, SGPS, SA

MIGUEL ANTÓNIO DIAS URBANO DE MAGALHÃES QUEIROZ

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.

On 31 December 2022 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.

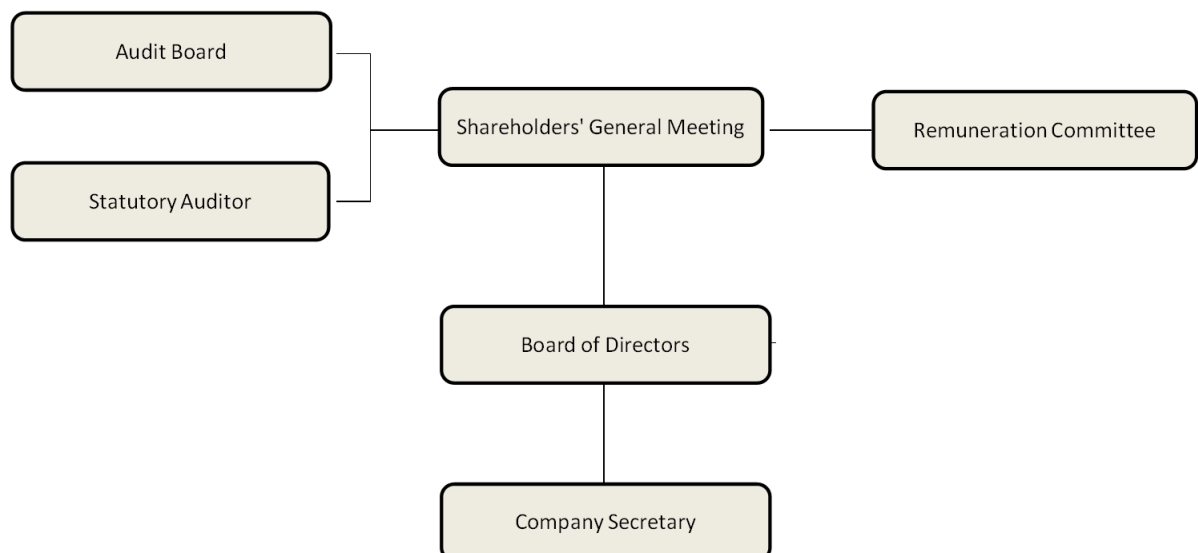
21. Division of powers between the different boards, committees and / or departments within the Company, including the delegation of powers, particularly with regards to the delegation of the Company's daily management

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 eleven (13) times in 2022, with the respective members presenting the following level of attendance:

Board meetings during 2022

Member	Attendance	Representation	Attendance percentage (a)
Pansy Catilina Chiu King Ho	8	0	62%
Mário Alberto Neves Assis Ferreira	13	0	100%
Maisy Chiu Ha Ho	11	0	85%
Daisy Chiu Fung Ho	11	0	85%
António José de Melo Vieira Coelho	13	0	100%
Vasco Esteves Fraga	13	0	100%
Jorge Armindo de Carvalho Teixeira	13	0	100%
Calvin Ka Wing Chann	13	0	100%
Miguel António Dias Urbano de Magalhães Queiroz	13	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

- DTH – Desenvolvimento Turístico e Hoteleiro, S.A.
- Estoril Sol III – Turismo, Animação e Jogo, S.A.

Chairman of the Remuneration Committee

ESTORIL SOL, SGPS, SA

❖ Outside the Group Estoril-Sol

In Portugal:

Chairman of the Board of Directors:

- STDM - Investimentos, SGPS, SA
- STDM - Investimentos Imobiliários, S.A
- Central de Aplicações, 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 – Investimentos e Gestão, S.A
- Finansol – Sociedade de Controlo, SGPS, S.A.
- IMO-DOZE – Gestão Mobiliária e Imobiliária, S.A.
- Guinchotel – Atividades Hoteleiras, Lda
- STDM – Gestão de Investimentos, Unipessoal, Lda

- *Chairman of the Remuneration Committee*

- Finansol – Sociedade de Controlo, SGPS, SA

In Macau:

Chairman of the Board of Directors:

- Macau Tower Convention & Entertainment Centre
- Sociedade de Turismo e Desenvolvimento Insular SA
- King Power Duty Free (Macau) Company Limited
- King Power Macau Seaport Duty Free Company Ltd

Deputy-Chairman and Director

- Macau International Airport Company Ltd
- China Duty Free (Macau) Limited
- MGM China Holdings Limites

Member of the Board of Directors:

- Macauport – Sociedade de Administração de Portos, SARL
- Air Macau Company Limited
- STDM – Hotels and Investments Limited
- Sociedade de Turismo e Diversões de Macau, S.A.
- MGM Grand Paradise Limited

In Hong Kong:

Chairman of the Board of Directors

SHUN TAK Holdings Limited

Deputy-Chairman, Member of the Board of Directors and Chief Executive Officer

SHUN TAK – China Travel Shipping Investments Limited

Member of the Board of Directors:

- HONG KONG International Airport Terminal Services Limited

MÁRIO ALBERTO NEVES ASSIS FERREIRA

- ❖ Within the Group Estoril-Sol
 - Deputy Chairman of the Board of Directors
 - o Estoril-Sol, SGPS, S.A.
 - Estoril Sol (III) - Turismo, Animação e Jogo S.A
- ❖ Outside the Group Estoril-Sol
 - Membro do Conselho de Curadores da Cruz Vermelha Portuguesa - Cascais
 - Membro do Conselho Consultivo do ISEG-Instituto Superior de Economia e Gestão
 - Membro do Conselho Consultivo da Faculdade de Ciências da Economia e da Empresa da Universidade Lusíada de Lisboa
 - Membro do Conselho Consultivo da Licenciatura em Turismo da Universidade Lusófona de Humanidades e Tecnologias
 - Membro do Conselho de Escola da Faculdade de Motricidade Humana
 - Membro do Conselho de Curadores da Fundação Luso-Brasileira
 - Presidente da Fundação Memória da Beira Serra
 - Presidente do Conselho Fiscal da Casa da América Latina
 - Presidente da Assembleia Geral da Associação da Amizade Luso-Marroquina
 - Director da Revista “Egoísta”
 - Membro da Associação Portuguesa de Escritores
 - Membro da SHIP – Sociedade Histórica da Independência de Portugal
 - Membro da Academia de Letras e Artes de Portugal como Académico na Classe de Letras
 - Membro do Centro Nacional de Cultura
 - Membro do Conselho Superior da Associação de Turismo de Cascais

MAISY CHIU HA HO

- ❖ Within the Group Estoril-Sol
 - In Portugal:
 - Member of the Board of Directors:*
 - ESTORIL SOL, SGPS, SA
 - o ESTORIL SOL III – Turismo, Animação e Jogo, S.A
- ❖ Outside the Group Estoril-Sol
 - In Portugal
 - Member of the Board of Directors:*
 - FINANSOL – Sociedade de Controlo, SGPS, S.A.
 - In Macau:
 - Member of the Board of Directors:*
 - 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 ~

- **DAISY CHIU FUNG HO**

❖ 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.
-

❖ Outside the Group Estoril-Sol

In Portugal:

Chairman of the Board of Directors:

- Credicapital, SGPS, S.A.
- Malha 5 – Investimentos Imobiliários, S.A.
- IMO 8 – Sociedade de Investimentos Imobiliários, Lda
- Orientenjoy, S.A.

Member of the Board of Directors

- Finansol – Sociedade de Controlo, SGPS,S.A. (and Member of the Remuneration Committee)
- SGAL – Sociedade Gestora da Alta de Lisboa, S.A.
- STDM – Gestão de Investimentos, Unipessoal, Lda
- STDM -Investimentos Imobiliários, S.A.

In Macau

Chairman of the Board of Directors:

- SJM Resorts, S.A:

Member of the Board of Directors.

- Sociedade de Turismo e Diversões de Macau, S.A.
- o Sociedade de Turismo e Desenvolvimento Insular S.A.
- o Macau International Airport Company Limited
- o Macau Tower Convention & Entertainment Centre
- o King Power Macau Seaport Duty Free Company Limited
- o King Power Duty Free (Macau) Company Limited
- o STDM - Hotels and Investments Limited
- o MACAUPORT – Sociedade de Administração de Portos, SARL

In Hong Kong

Chairman of the Board of Directors:

- SJM Holdings Limited

Member of the Board of Directors.

- Shun Tak Holdings Limited
- o Shun Tak – China Travel Shipping Investments Limited

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.

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
-

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

Chairman of the Board of Directors:

- Iberpartners - Gestão e Reestruturação de Empresas S.A
- Fundação do Alto da Lixa
- Eleven - Restauração e Catering, S.A.
-

Member of the Board of Directors:

- Amorim Turismo, SGPS, S.A
- New Coffee S.A.
-

CALVIN KA WING CHANN

❖ Within the Group Estoril-Sol

Chairman of the Board of Directors

- Varzim Sol - Turismo, Animação e Jogo, S.A.
- Estoril-Sol Investimentos Hoteleiros, S.A.;
- Estoril-Sol e Mar - Investimentos Imobiliários, S.A.;
- Estoril-Sol Imobiliária, S.A.;
- Estoril-Sol (V) Investimentos Imobiliários, S.A.;
- 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.
- DTH – Desenvolvimento Turístico e Hoteleiros, 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.
- FINANSOL – Sociedade de Controlo, 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.
- o Estoril-Sol III - Turismo, Animação e Jogo, S.A.
- o 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

Composition of the Audit Board at 31st December 2022 :

Chairman: Dr. Manuel Maria Reis Boto
Members: Dr. Paulo Ferreira Alves
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 re-elected for four years in the General Meeting of 27th June 2021, upon the proposal of the Audit Board.

The members of the Audit Board in office on December 31st, 2021 were re-elected at the General Meeting of June 27th, 2021, 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, 2022, 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, 2022, 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, 2022, 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, 2022, 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 eleven (10) times during 2022.

Members	Attendance	Representation	Attendance percentage (a)
Manuel Maria Reis Boto	10	0	100%
Paulo Ferreira Alves	10	0	100%
Lisete Sofia Pinto Cardoso (Effective member since November 2022)	2	0	100%
Vitor Pratas Sevilhano Ribeiro (resigned November 2022)	9	0	100%

(a) Percentage with reference to attendance

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)

- Ordem dos Revisores Oficiais de Contas

Member Assembly of Representatives

- Ordem dos Economistas

Chairman Audit board

- Reis Botos Consultores (Unipessoal), Lda

Partner / Manager

- Casa Agrícola Catarina Velha, Lda

Partner / Manager

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
Board Member 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

- Makro – Cash & Carry Portugal, 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 28th June 2021, for the year 2021-2024, 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 28th June 2021.

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 the first time in the General Meeting of 26th May 2017 for four years (2017/2020), 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, 2022 were not performed by the external auditor other works than audit work.

47. Remuneration of the External Auditor

In 2021 the said Statutory Auditor earned 160.500 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^o 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;

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- 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 concessionaries 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 concessionaries 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.

Contractual Risks:

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 ensures a systematic surveillance of all operations in order to ensure scrupulous compliance with the law.

The Estoril-Sol Group, through its subsidiaries, operates under the concession contracts, Póvoa Varzim permanent game concession area (until 2025), which includes the exploration of Casino da Póvoa, and the Estoril concession contract (until 2022), which includes Casino do Estoril and Casino de Lisboa. The Estoril-Sol Group, through its subsidiaries, operates under the concession contracts, Póvoa Varzim permanent game concession area (until 2025), which includes the exploration of Casino da Póvoa, and the Estoril concession contract (until 2022), which includes Casino do Estoril and Casino de Lisboa. In August 2022, the announcement of the international public tender regarding the Estoril Gaming Zone concession was published, which would be attributed to Estoril-Sol (III) - Turismo, Animação e Jogo S.A., a subsidiary company of Estoril Sol, SGPS, S.A.. On December 30, 2022, through Decree-Law No. 90-E/2022, the Government authorized, exceptionally, the extension of the Estoril game concession in force until the beginning of the new game concession, this extension not being able to exceed the maximum period of 6 months. On January 30, 2023, the Portuguese State and Estoril Sol (III) - Turismo, Animação e Jogo S.A. signed a concession contract for Estoril gaming zone. The new concession of the Estoril game zone began on the date the contract was signed and will end on the 31st (thirty-first) of December of the 15th (fifteenth) year after the beginning its exploitation, that is, December 31, 2037.

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, 2025 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 3% 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

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

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, 2022 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 Article 26ºG 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 28th June 2021 for the years 2021 to 2024.

At December 31st, 2022, 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 May 21th, 2013 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 May 31st, 2022, 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 2022 was 1.451.404 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, Patrick Wing Ming Huen 42.000Euros and Ambrose Shu Fai So 42.000 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 2022, for the global amount of 84.000 Euros, broken down as follows:

Member	Office	Fixed Remuneration	Variable Remuneration	Total
Pansy Catilina Chiu King Ho	Chairman of Board of Directors	42 000,00	0,00	42 000,00
Jorge Armindo de Carvalho Teixeira	Member of Board of Directors	42 000,00	0,00	42 000,00
			TOTAL (€)	84 000,00

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 1.884.000 Euros, broken down individually as follows:

Member	Office	Fixed Remuneration	Variable Remuneration	Total
Pansy Catilina Chiu King Ho	Chairman of the Board of Directors	42 000,00	0,00	42 000,00
Mário Alberto Neves Assis Ferreira	Deputy Chairman	320 000,00	0,00	320 000,00
Maisy Chiu Ha Ho	Board of Directors	0,00	0,00	0,00
Daisy Chiu Fung Ho	Board of Directors	0,00	0,00	0,00
António José de Melo Vieira Coelho	Board of Directors	420 000,00	0,00	420 000,00
Vasco Esteves Fraga	Board of Directors	320 000,00	0,00	320 000,00
Jorge Armindo de Carvalho Teixeira	Board of Directors	42 000,00	0,00	42 000,00
Calvin Ka Wing Chann	Board of Directors	420 000,00	0,00	420 000,00
Miguel António Dias Urbano de Magalhães Queiroz	Board of Directors	320 000,00	0,00	320 000,00
			TOTAL (€)	1 884 000,00

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 2022, for the global 57.256 Euros, broken down as follows:

Manuel Maria Reis Boto 24.000 Euros;

Vitor Pratas Sevilhano 14.857 Euros;

Paulo Ferreira Alves 15.733 Euros;

Lisete Sofia Pinto Cardoso 2.666 Euros.

In 2022, the said Statutory Auditor earned 160.500 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 € 4.000 Euros. (for the year 2022).

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, 2022 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 2022

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 2022 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 2021 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

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. With the election of the Governing Bodies for the four-year period (2021-2024) at the General Meeting of June 28, 2021, the Company confirmed compliance with 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
Not 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

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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	Report: 12 , 13 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). This is a statutory matter that the shareholders understood not to modify.

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)

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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	<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.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	Report: 18, 24, 25 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. 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.

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	Report: 66 to 68 Remuneration setting is the responsibility of the Remuneration Committee. 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.

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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	Report: 66 to 68 Remuneration setting is the responsibility of the Remuneration Committee. 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

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	Report: 66, 67, 69 a 88 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.----

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	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.

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	Report: 67 The Remuneration Setting Committee may freely decide to hire the necessary or convenient consultancy services for the exercise of its functions,

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	if it deems it necessary or convenient. Without prejudice, the company is not aware that these services have been contracted.
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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
Not applicable	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.

Estoril-SGPS, S.A. net profit for the year 2022, calculated on the basis of the separate financial statements, was positive by 32.9 million euros, compared to a positive net profit of 11.2 million euros recorded in the previous year. This significant improvement in results was due to the absence of limitations to the activity in 2022, limitations that had strongly conditioned the operations of physical casinos during the previous year, and above all to the implementation of the measures provided for in Decree-Law nº 103/2021 of 24 November in order to mitigate the negative impacts felt during the pandemic period and immediately after, caused by the adoption of measures restricting economic activity with a view to control the disease, and which materialized with the signing of amendments to the physical game concession contracts , its consequent extension and restoration of economic and financial rebalancing.

The uncertainties that still exist regarding the speed of recovery of economic activity levels in general, and in particular of game revenues from land base casinos to pre-pandemic levels, the demanding future financial needs arising from the investment to be made within the scope of the new Estoril game concession contract, in addition to the above, the general context of uncertainty associated with the current geopolitical tensions, advise the adoption of conservative and prudent policies for the distribution of the annual results.

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 2022, calculated based on the separate financial statements, positive in the amount of 32.848.885 Euros, be appropriated as follows.:

- to "Legal Reserve"	1.643.000 Euros
- to "Other Variations in Equity"	21.462.663 Euros
- to "Other Reserves and Retained Earnings"	9.743.222 Euros

Estoril, 20th of April 2023

The Board of Directors

- | | |
|-----------------|---|
| - Chairman | - Pansy Catilina Chiu King Ho |
| - Vice-Chairman | - Mário Alberto Neves Assis Ferreira |
| - Directors | - António José de Melo Vieira Coelho |
| | - Calvin Ka Wing Chann |
| | - Daisy Chiu Fung Ho |
| | - Jorge Armindo de Carvalho Teixeira |
| | - Maisy Chiu Ha Ho |
| | - Miguel António Dias Urbano de Magalhães Queiroz |
| | - Vasco Esteves Fraga |



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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 2022.

	Nr shares 31.12.21	Date	Value (€/share)	Nr shares purchased	Nr shares sold	Nr shares 31.12.22
Board of Directors						
Pansy Catilina Chiu King Ho	0	-	-	-	-	0
Mário Alberto Neves Assis Ferreira	601	-	-	-	-	601
Maisy Chiu Ha Ho	0	-	-	-	-	0
Daisy Chiu Fung Ho	0	-	-	-	-	0
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
Audit Board						
Manuel Maria Reis Boto	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 2022, 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 2021, 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 2.209 shares of ESTORIL-SOL, S.G.P.S., S.A., corresponding to 0,02% 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 57,81%, and 58,11% to the voting rights.

SOCIEDADE FIGUEIRA PRAIA, S.A.

On 31st December 2022, ESTORIL-SOL, S.G.P.S., S.A. held 62.565 treasury shares, and, as SOCIEDADE FIGUEIRA PRAIA, 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

BALANCE SHEET – SEPARATE ACCOUNTS

ESTORIL-SOL, SGPS,S.A.

STATEMENTS OF FINANCIAL POSITION ON 31st DECEMBER 2022 AND 2021

(Amounts stated in Euros)

ASSETS	Notes	31-Dec-2022	31-Dec-2021
NON - CURRENT ASSETS:			
Right-of-use assets	12	11 537	7 274
Investments in subsidiaries	11	112 113 422	83 801 412
Other non-current assets	13	732	732
Total non-current assets		112 125 691	83 809 418
CURRENT ASSETS:			
Current tax asset	16	23 186	-
Other current assets	14	3 460 169	9 709 755
Cash and cash equivalents	17	20 233 190	12 826 642
Total current assets		23 716 545	22 536 397
Total assets		135 842 236	106 345 815
EQUITY AND LIABILITIES			
EQUITY			
Capital	18	59 968 420	59 968 420
Own shares	18	(708 306)	(708 306)
Share issue premiums	18	960 009	960 009
Legal reserves	19	9 429 425	8 871 314
Other reserves and retained earnings	19	3 859 777	941 211
Other variations in equity	19	15 082 068	7 154 522
Net profit of the year	20	32 848 885	11 162 223
Total equity		121 440 278	88 349 393
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Provisions	7	1 573 635	5 215 205
Lease liabilities	21	6 915	956
Total non-current liabilities		1 580 550	5 216 161
CURRENT LIABILITIES:			
Lease liabilities	21	5 167	6 992
Current tax liability	16	34 000	47 857
Other current liabilities	22	12 782 241	12 725 412
Total current liabilities		12 821 408	12 780 261
Total liabilities		14 401 958	17 996 422
Total equity and liabilities		135 842 236	106 345 815

The accompanying notes form an integral part of the statement of financial position as of 31 December 2022.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

ESTORIL-SOL, SGPS, S.A.

INCOME STATEMENT

FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

(Amounts expressed in Euros)

	Notes	2022	2021
<u>OPERATING COSTS</u>			
Supplies and services	4	(823 938)	(717 333)
Personnel costs	5	(253 931)	(227 451)
Depreciation and amortization	6	(8 714)	(23 532)
Provisions (increases / (reductions))	7	-	2 427 357
Other operating expenses	8	(29 387)	(70 792)
Total operating costs		(1 115 970)	1 388 249
Operating results		(1 115 970)	1 388 249
<u>NET FINANCIAL ITEMS:</u>			
Financial expenses	9	(3 637)	(4 880)
Gains/(losses) on subsidiaries	7 e 11	34 002 492	9 826 711
Profit before tax		32 882 885	11 210 080
Income tax	10	(34 000)	(47 857)
Net profit for the year		32 848 885	11 162 223
Net profit for the year		32 848 885	11 162 223
Items that will not be subsequently reclassified to results			
- Actuarial Gains / (Losses) related with post-employment benefit plans	7	242 000	376 000
Net profit of the year		33 090 885	11 538 223

The accompanying notes form an integral part of the income statement
of the year as of 31 December 2022.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

STATEMENTS OF CHANGES IN EQUITY

ESTORIL-SOL, SGPS, S.A.

STATEMENTS OF CHANGES IN EQUITY

OF THE YEARS ENDED ON 31st DECEMBER 2022 AND 2021

(Amounts expressed in Euros)

	Notes	Capital (Note 18)	Own 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 of the year (Note 20)	Total equity
Balance at 1 January 2021		59 968 420	(708 306)	960 009	8 871 314	20 893 319	7 154 522	(20 328 108)	76 811 170
Appropriation of net profit for the year ended in 31 December 2020	19	-	-	-	-	(20 328 108)	-	20 328 108	-
Comprehensive income for the year ended in 31 December 2021	7	-	-	-	-	376 000	-	11 162 223	11 538 223
Balance at 31 December 2021		59 968 420	(708 306)	960 009	8 871 314	941 211	7 154 522	11 162 223	88 349 393
Appropriation of net profit for the year ended in 31 December 2021	19	-	-	-	558 111	2 676 566	7 927 546	(11 162 223)	-
Comprehensive income for the year ended in 31 December 2022	7	-	-	-	-	242 000	-	32 848 885	33 090 885
Balance at 31 December 2022		<u>59 968 420</u>	<u>(708 306)</u>	<u>960 009</u>	<u>9 429 425</u>	<u>3 859 777</u>	<u>15 082 068</u>	<u>32 848 885</u>	<u>121 440 278</u>

The accompanying notes form an integral part of the statement of changes in equity for the year ended 31 December 2022.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

CASH FLOW STATEMENTS

ESTORIL-SOL, SGPS, S.A.

CASH FLOW STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

(Amounts expressed in Euros)

	Notes	2022	2021
<u>OPERATING ACTIVITIES:</u>			
Cash paid to suppliers		(812 473)	(751 604)
Cash paid to employees		(362 327)	(294 304)
Flows (used in)/generated by operations		(1 174 800)	(1 045 908)
Payments related to income tax		(71 250)	(51 051)
Other payments related to operating activities		(36 161)	(44 911)
Net cash (used in)/from operating activities (1)		(1 282 212)	(1 141 871)
<u>INVESTING ACTIVITIES:</u>			
Cash received relating to:			
Reimbursement of supplementary payments	11	-	4 704 040
Reimbursement loans granted to related parties	15	2 660 000	-
Dividends	11	6 301 802	-
		8 961 802	4 704 040
Cash paid relating to:			
Financing granted to related parties	15	(268 096)	(2 973 644)
		(268 096)	(2 973 644)
Fluxos das actividades de investimento (2)		8 693 706	1 730 396
<u>FINANCING ACTIVITIES:</u>			
Cash paid relating to:			
Loans obtained from related companies	15	(7 097)	-
Lease liabilities payments	15	(9 110)	(23 925)
Interest and similar costs		(2 641)	(4 881)
		(18 848)	(28 806)
Cash received relating to:			
Loans obtained from related companies	15	13 902	5 295
		13 902	5 295
Net cash (used in)/from used in financing activities (3)		(4 946)	(23 511)
Net increase/(decrease) in cash and cash equivalents (4) = (1) + (2) + (3)		7 406 548	565 015
Cash and cash equivalents at the beginning of the year	17	12 826 642	12 261 627
Cash and cash equivalents at the end of the year	17	20 233 190	12 826 642

The accompanying notes form an integral part of the cash flow statement
for the year ended 31 December 2022.

THE ACCOUNTANT

THE BOARD OF DIRECTORS



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1. INTRODUCTION

Estoril-Sol, S.G.P.S., 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. As a result, all operations that had been carried out were transferred to companies incorporated for this purpose, assuming the status of its subsidiaries. In turn, the parent company’s main operations involved holdings management with its shares listed on the Euronext Lisbon.

The main business sector in which the subsidiaries operates consists of the operation of physical casinos of games, an activity regulated by Turismo de Portugal through the Gaming Regulation and Inspection Service, under the concession contracts of the Póvoa game concession (until 2025), which includes the exploration of the Póvoa de Varzim Casino, and the Estoril game concession (until 2022), which includes the Estoril Casino and the Lisboa Casino.

At the end of the 2021 financial year, and within the context of the Covid-19 pandemic, whose measures adopted by the Government to contain the disease, admittedly produced significant negative impacts in game concessions operations, first of all due to the imposition of the closure of casinos for long periods of time during the course of the years 2020 and 2021, and by other several restrictions, namely in terms of timetables and capacity allowed within the casinos during the periods in which it was possible to resume activity, Decree-Law No. 103/2021 of 24th November and Order No. 80/2021 of 13th December, from the Minister of State, Economy and Digital Transition, were published, provided for the possibility to extend the expiration date of the concession contracts, Estoril until December 31st, 2022 and Póvoa until December 31st, 2025. They also came to define under what terms the extension could occur, allowing gaming concessionaires to present the assessment of the economic and financial rebalance of the concession contracts and determine the eligible requirements that should be met in order to allow for the rebalance of the contracts. The amendments to the concession contracts for Estoril and Póvoa gaming areas were formalized on March 2nd, 2022. On the same day, March 2, 2022, the establishment of an arbitration agreement following the withdrawal of the lawsuits that ran in the Administrative and Tax Courts was also formalized.

In August 2022, the announcement of the international public tender regarding the Estoril Gaming Zone concession was published, which would be attributed to Estoril-Sol (III) - Turismo, Animação e Jogo S.A., a subsidiary company of Estoril Sol, SGPS, S.A.. On December 30, 2022, through Decree-Law No. 90-E/2022, the Government authorized, exceptionally, the extension of the Estoril game concession in force until the beginning of the new game concession, this extension not being able to exceed the maximum period of 6 months. On January 30, 2023, the Portuguese State and Estoril Sol (III) - Turismo, Animação e Jogo S.A. signed a concession contract for Estoril gaming zone. The new concession of the Estoril game zone began on the date the contract was signed and will end on the 31st (thirty-first) of December of the 15th (fifteenth) year after the beginning its exploitation, that is, December 31, 2037.

In addition, in 2016 on 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.

Under the aforementioned concession contracts, reversible tangible fixed assets are recognized in the financial statements of the subsidiaries that will be delivered to the State at the end of the concession. 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 subsidiary Estoril-Sol (III) – Turismo, Animação e Jogo, S.A. after the end of the concession and as such is not considered as being reversible.

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.

These 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 38.708.604 Euros, 25.609.891 Euros and 139.916.190 Euros, respectively.

These financial statements were approved by the Board of Directors on April 20, 2023 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 the basis of the continuity of operations, 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 carried out an assessment of the Company's ability to operate, 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 assumption of continuity of operations. in the preparation of the financial statements, based on the Company's books and accounting records. In addition, the concession contracts for the Estoril and Póvoa de Varzim Gaming Zone, attributed to their subsidiaries, authorize the exploitation of the Casino Lisboa and Estoril and Casino da Póvoa, under the terms of the respective concession and applicable legislation, until December 31st, 2037 and 2025 (Note 1), respectively.

Bearing in mind the expected results obtained from operating gaming activities in the concession areas, as well as the value in use of the respective assets for an exclusive concessionaire for operating games, no losses are expected on those assets that are not registered on 31 December from 2022.

Relevant facts occurred during the year:

At the end of the 2021 financial year, and within the context of the Covid-19 pandemic, whose measures adopted by the Government to contain the disease, admittedly produced significant negative impacts in game concessions operations, first of all due to the imposition of the closure of casinos for long periods of time during the course of the years 2020 and 2021, and by other several restrictions, namely in terms of timetables and capacity allowed within the casinos during the periods in which it was possible to resume activity, Decree-Law No. 103/2021 of 24th November and Order No. 80/2021 of 13th December, from the Minister of State, Economy and Digital Transition, were published, provided for the possibility to extend the expiration date of the concession contracts, Estoril until December 31st, 2022 and Póvoa until December 31st, 2025. They also came to define under what terms the extension could occur, allowing gaming concessionaires to present the assessment of the economic and financial rebalance of the concession contracts and determine the eligible requirements that should be met in order to allow for the rebalance of the contracts. The amendments to the concession contracts for Estoril and Póvoa gaming areas were formalized on March 2nd, 2022. On the same day, March 2, 2022, the establishment of an arbitration agreement following the withdrawal of the lawsuits that ran in the Administrative and Tax Courts was also formalized.

In August 2022, the announcement of the international public tender regarding the Estoril Gaming Zone concession was published, which would be attributed to Estoril-Sol (III) - Turismo, Animação e Jogo S.A., a subsidiary company of Estoril Sol, SGPS, S.A.. On December 30, 2022, through Decree-Law No. 90-E/2022, the Government authorized, exceptionally, the extension of the Estoril game concession in force until the beginning of the new game concession, this extension not being able to exceed the maximum period of 6 months. On January 30, 2023, the Portuguese State and Estoril Sol (III) - Turismo, Animação e Jogo S.A. signed a concession contract for Estoril gaming zone. The new concession of the Estoril game zone began on the date the contract was signed and will end on the 31st (thirty-first) of December of the 15th (fifteenth) year after the beginning its exploitation, that is, December 31, 2037.

Initially, an injunction was filed within the Administrative Court of Lisboa, invoking the pre-contractual regime which resulted in the immediate suspension of the subsequent terms of the public tender. This action was judged imprudent. In this regard, there is still a legal action pending in the Administrative Court of Lisbon brought by the other contender in order to cancel the jury's decision to exclude their submitted proposal, claiming the following: the admission of the proposal submitted as there is no valid reason for exclusion and order it in first place with consequent award of the concession contract. This lawsuit does not have suspensive effects on the current concession contract in execution signed between the Portuguese State and Estoril Sol (III) - Turismo, Animação e Jogo S.A. Additionally, an injunction was also filed within the Administrative Court of Lisboa, regarding the contract formation procedure requesting that the suspension of the execution of the Estoril concession contract to be decreed. The Board of Directors is convinced of its position, understanding that the arguments presented by the Group are solid and will guarantee the maintenance of the decision to attribution the concession of the Estoril Gaming Zone to Estoril Sol, with none of the events mentioned above preventing Estoril Sol from proceed with its plans for the new concession.

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 Company 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.

2.4 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, S.G.P.S., SA), 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, S.G.P.S., 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.
- Estoril-Sol Internacional, S.A.

2.6 Financial asstes 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, and 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 Cash flow statement

The statement of cash flows is prepared in accordance with IAS 7 – Statements of cash flows, using the direct method. The Company classifies assets with a maturity of less than three months under the caption cash and cash equivalents, and for which the risk of change in value is insignificant. For purposes of the statement of cash flows, the caption cash and cash equivalents also includes bank overdrafts included in the balance sheet under the caption obtained financing.

Cash flows are classified, in the statement of cash flows, depending on their nature, into (1) operating activities, (2) investing activities and (3) financing activities.

Operating activities essentially comprise receipts from customers and payments to suppliers and personnel. They also include payments of net indirect taxes and income tax.

The cash flows involved in investing activities include, namely, acquisitions and disposals of financial investments, dividends received from associated companies and receipts and payments arising from the purchase and sale of intangible and tangible assets.

Cash flows related to financing activities include, namely, payments and receipts relating to loans obtained, lease agreements, payments related to interest and related expenses and payment of dividends.

2.10 Net result per share

Basic earnings per share is calculated by dividing the earnings attributable to common equity holders of the parent company by the weighted average number of common shares outstanding during the period.

Diluted earnings per share equal basic earnings, as there are no interests in convertible preferred shares or stock options.

2.11 Equity

The Group seeks to maintain an adequate level of Equity that allows it not only to ensure the continuity and development of its activity, but also to provide adequate remuneration for its shareholders and the optimization of the cost of capital.

Subscribed capital

In compliance with the provisions of article 272 of Código das Sociedades Comerciais (CSC), the company's contract indicates the period for paying up the capital subscribed and not paid up on the date of the deed.

Own shares

In compliance with the provisions of article 324 of the CSC, while the shares belong to the company, they must:

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

a) Suspension of all rights inherent to shares, except for the holder's right to receive new shares in case of capital increase by incorporation of reserves;

b) A reserve for an amount equal to that for which they are accounted for becomes unavailable.

Legal reserve

According to article 295 of the CSC, at least 5% of the result determined in the Company's separate financial statements must be allocated to the constitution or reinforcement of the legal reserve until it represents at least 20% of the share capital. The legal reserve is not distributable except in the event of liquidation and can only be used to absorb losses, after all other reserves have been exhausted, or for incorporation into the share capital (article 296 of the CSC).

Retained earnings

This item reflects the appropriation of results, from previous years, realized and not distributed.

2.12 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, 2022, during the year 2022 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, 2022 include:

- Analyzes of impairment of non-current assets;
- Registration of provisions;

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

On December 31, 2022 and 2021, as mentioned in Note 11, the Company carried out a new assessment of the estimated recovery value of the assets assigned to Varzim - Sol.

The aforementioned assessment did not give rise, on December 31, 2021 and 2020, to the recording of any impairment loss.

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 2022

Up to the date for approving these financial statements, the European Union endorsed the following accounting standards, interpretations, amendments, and revisions, mandatorily applied to the financial year beginning on 1 January 2022:

Standard / Interpretation	Applicable in the European Union in the financial years begun on or after	
Amendments to standard IFRS 3	1-Jan-22	This amendment corresponds to the updated reference to the 2018 conceptual framework; additional requirements for analysis of liabilities under IAS 37 or IFRIC 21 at the date of acquisition; and explicit clarification that contingent assets are not recognised in a business combination.
Amendment to standard IAS 16 – “Proceeds before intended use”	1-Jan-22	This amendment corresponds to a change to standard IAS 16 for the prohibition of deduction of income related to the sale of products from the cost of a tangible asset before the asset is available for use.
Amendment to standard IAS 37 – Onerous Contracts	1-Jan-22	This amendment corresponds to the clarification that costs of compliance with a contract correspond to costs directly related to the contract.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

2018-2020 Annual Improvements	1-Jan-22	<p>Essentially correspond to amendments to the following standards:</p> <ul style="list-style-type: none"> – IFRS 1 – practical expedient allowing a subsidiary initially adopting IFRS on a date following that of its parent company to have the option of measuring cumulative transposition differences for all foreign operating units by the amount that would be included in the parent company’s financial statements, based on the parent company’s transition date to IFRS; – IFRS 9 – clarifies the commissions that should be included in the 10% test for the purposes of derecognising a financial liability; – IAS 41 – eliminates the requirement of excluding cash flows related to taxes in measuring fair value.
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There were no significant effects on the Group’s financial statements for the year ended 31 December 2022, from the adoption of the above standards, interpretations, amendments and revisions.

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 financial years	
IFRS 17 - Insurance Contracts	1-Jan-23	This standard establishes, for insurance contracts within its scope of application, the principles for their recognition, measurement, presentation, and disclosure. This standard replaces IFRS 4 – Insurance Contracts.
Amendment to IAS 8 – Accounting policies, changes in accounting estimates and errors – Definition of accounting estimates	1-Jan-23	This amendment, published by the IASB in February 2021, changes the definition of accounting estimate to monetary amount in financial statements subject to measurement uncertainty.
Amendment to IAS 1 – Presentation of financial statements and IFRS Practice Statement 2 – Disclosure of accounting policies	1-Jan-23	This amendment, published by the IASB in February 2021, clarifies that material accounting policies, rather than significant accounting policies, must be disclosed, and has introduced examples for identifying a material accounting policy.
Amendment to IAS 12 Income taxes – Deferred taxes	1-Jan-23	This amendment, published by the IASB in May 2021, clarifies that the exemption from initial recognition of deferred taxes does not apply in transactions that produce equal amounts of taxable and deductible temporary differences.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Amendment to IFRS 17 – Insurance contracts – initial application of IFRS 17 and IFRS 9 – comparative information	1-Jan-23	This amendment, published by the IASB in December 2021, introduces changes on comparative information to be presented when an entity adopts IFRS 17 and IFRS 9 at the same time.
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These standards, although endorsed by the European Union, were not adopted by the Group in 2022, 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 financial years	
Amendments to IAS 1 Presentation of financial statements – Classification of liabilities as current and non-current; Deferral of application date; Noncurrent liabilities with covenants	1-Jan-24	These amendments published by the IASB clarify the classification of liabilities as current and non-current by analysing the contractual conditions existing at the reporting date. The amendment related to non-current liabilities with covenants clarifies that only those conditions that must be met on or before the reference date of the financial statements apply for the purposes of classification as current/non-current, while also postponing the application date to 1 January 2024.
Amendment to IFRS 16 – Leases – Lease liabilities in a sale and leaseback transaction	1-Jan-24	This amendment published by the IASB in September 2022 clarifies the how a lessee seller records a sale and leaseback transaction that meets the criteria in IFRS 15 to be classified as a sale.

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 2022.

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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

4 EXTERNAL SUPPLIES AND SERVICES

The caption "External supplies and services" in the years ended 31 December 2022 and 2021 has the following composition:

	2022	2021
Specialised work	473 615	372 809
Royalties / Licenses	272 294	271 267
Bank / Financial services	25 799	24 793
Representation expenses	23 921	21 707
Rents	8 912	9 630
Energy and other fluids	8 706	11 975
Insurance	5 766	1 842
Conservation and repairs	1 990	1 097
Fees	1 725	1 725
Legal advisory	1 210	468
Travel and hotels	-	19
	<u>823 938</u>	<u>717 333</u>

5. STAFF COSTS

The caption "Personnel Costs" in the years ended 31 December 2022 and 2021 has the following composition:

	2022	2021
Remuneration of the Corporate Offices	154 803	151 707
Charges on remuneration	60 791	47 598
Post-employment benefits (Note 7)	13 000	21 000
Insurance	20 215	1 887
Cost of social welfare	5 122	5 259
	<u>253 931</u>	<u>227 451</u>

In the years ended December 31st, 2022 and 2021, 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, 2022 and 2021, has the following composition:

	2022	2021
Right-of-use assets (Note 12)	8 714	23 532
	<u>8 714</u>	<u>23 532</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

In addition, the following expenses related to right-of-use assets were recognized in 2022 and 2021:

	2022	2021
Financial expenses with lease liabilities	267	712
Contrats < 12 months	5 167	4 897
	<u>5 434</u>	<u>5 609</u>

7. PROVISIONS

The movement in provisions in the years ended on 31st December of 2022 and 31st December of 2021 was as follows:

	2022				Closing balance
	Opening balance	Increases	Reversals	Write-off	
Provisions for pensions (Note 5)	1 774 779	13 000	(242 000)	(136 374)	1 409 405
Provisions for other risks and charges	-	-	-	-	-
Losses in subsidiaries (Note 11)	3 440 426	79 440	(3 355 636)	-	164 230
	<u>3 440 426</u>	<u>79 440</u>	<u>(3 355 636)</u>	<u>-</u>	<u>164 230</u>
	<u>5 215 205</u>	<u>92 440</u>	<u>(3 597 636)</u>	<u>(136 374)</u>	<u>1 573 635</u>

	2021				Closing balance
	Opening balance	Increases	Reversals	Write-off	
Provisions for pensions (Note 5)	3 401 151	21 000	(1 552 997)	(94 375)	1 774 779
Provisions for other risks and charges	1 250 360	-	(1 250 360)	-	-
Losses in subsidiaries (Note 11)	2 334 787	1 105 639	-	-	3 440 426
	<u>3 585 147</u>	<u>1 105 639</u>	<u>(1 250 360)</u>	<u>-</u>	<u>3 440 426</u>
	<u>6 986 298</u>	<u>1 126 639</u>	<u>(2 803 357)</u>	<u>(94 375)</u>	<u>5 215 205</u>

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, 2022 and 2021, the Company obtained actuarial studies prepared by a specialized and accredited independent entity. The present value of the above-mentioned liabilities was estimated at 1.409.405 Euros and 1.774.779 Euros, respectively.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

At December 31, 2022 and 2021, 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:

	2022	2021
Discount rate	3,05%	0,75%
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	n.a	n.a.

In the years ended December 31, 2022 and 2021, the movement in the value of the liabilities was as follows:

	Dec - 2022	Dec - 2021
Present value of the defined benefit obligation at beginning of the year:	1 774 779	3 401 151
Benefits paid	(136 374)	(94 375)
Post-employment benefits (Note 5)	13 000	21 000
Actuarial gains and losses	(242 000)	(376 000)
Curtailment	-	(1 176 997)
Present value of the defined benefit obligation at the end of the year:	1 409 405	2 951 779

The impacts of the actuarial update verified in the year ended December 31st, 2022 result from the changes in assumptions considered, namely, the change in the discount rate used from 0,75% in 2021 to 3,05% in 2022.

At 31 December 2022, 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 41.000 Euros (57.000 Euros in 2021).

Provisions for other risks and charges

During 2021, reversals were made, in the amount of approximately 1.250.000 Euros, related to the estimate to cover legal costs in the scope of the proceedings to challenge game taxes, month and annual charged game taxes, and operating costs of Portuguese Regulator Inspection Service (SRIJ), brought against the Portuguese State.

As mentioned in Note 2.1, the Group formalized with the Portuguese State the arbitration agreement relating to the lawsuits in the Administrative and Tax Courts, in which the gaming concessionaires brought an action against the State in order to restore the economic and financial balance of the game concessions, and in which the parties also agreed to withdraw from all claims and actions proposed against the State and/or Turismo de Portugal, also agreeing reciprocally not to claim any legal costs borne by the party resulting from the withdrawal of the lawsuits.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

8. OTHER OPERATING EXPENSES

The caption "Other operating expenses" in the years ended 31 December of 2022 and 2021 has the following composition:

	2022	2021
Other taxation and rates	1 370	28 884
Membership fees	2 500	2 500
Sundries	25 517	39 408
	29 387	70 792

9. FINANCIAL EXPENSES

The financial expenses recognized in the years ended on 31 December of 2022 and 2021 has the following composition:

	2022	2021
Financial expenses:		
Leasings	3 637	4 880
	3 637	4 880

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 2021 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 2021 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 88^o of the CIRCS, 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 2019 to 2022 could still be subject to revision.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

The Company is covered by the RETGS, headed by the Company (Note 2.5), being in compliance with all the requirements listed in Article 69^o of the CIRC.

Income tax expense as of 31 December 2022 and 2021 has the following composition:

	2022	2021
Profit before tax	32 882 885	11 210 080
Permanent differences		
Earnings/Losses in subsidiaries	(34 002 492)	(9 826 711)
Payment of post-employment benefits	(136 374)	(93 475)
Reversal of taxed provisions	-	(1 552 997)
Other non-deductible expenses	39 186	88 450
	(34 099 680)	(11 384 733)
Result for tax purposes	(1 216 795)	(174 653)
Tax rate	21%	21%
	(255 527)	(36 677)
Assets not recognized (a)	255 527	36 677
Autonomous taxation	34 000	47 857
Income tax of the year	34 000	47 857
Effective tax rate	0,10%	0,43%

(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.

In accordance with the legislation approved by the 2023 State Budget, losses available on the date of entry into force of the respective budget are available for deduction without a carry-over period and limited to the deduction of 65% of taxable income. To date, tax losses were deducted for a period of 5 years and their deduction limited to 70% of taxable income.

As of December 31, 2021 and 2021, the reportable tax losses amounted to 8.349.166 Euros and 7.132.371 Euros respectively, and were generated as follows:

Generated in :	Limit of utilization (a)	2022	2021
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	982 932
2021	2031	174 653	174 653
2022	2032	1 216 795	-
		8 349 166	7 132 371

(a) From 2023 onwards, tax losses no longer have a reporting deadline.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

11. INVESTMENTS IN SUBSIDIARIES

As of December 31, 2022 and 2021, the Company holds the following financial investments accounted for under the equity method:

Subsidiary	2022									
	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)	102 132 422	24 714 570	117401560	1	77 417 852	16 650 029	77 417 852	-	16 650 029	-
Varzim Sol - Turismo, Jogo e Animação, S.A. (a)	8 880 337	4 255 187	36 903 835	100%	4 625 150	7 980 786	4 625 150	-	4 625 150	3 355 636
Estoril Sol V - Investimentos Imobiliários, S.A.	50	30 273	-	100%	(30 223)	(1 107)	-	(30 223)	-	(1 107)
DTH - Desenvolvimento Turístico e Hoteleiro, S.A.	3 351 380	2 786 802	-	100%	564 578	(261 769)	564 578	-	(261 769)	-
Estoril Sol Imobiliária, S.A.	5 079 812	1 106	-	100%	5 078 706	(4 724)	5 078 706	-	(4 724)	-
Estoril Sol - Investimentos Hoteleiros, S.A.	9 009 477	2 460	-	90%	9 007 017	(2 460)	9 007 017	-	(2 460)	-
Estoril Sol e Mar - Investimentos Imobiliários, S.A.	1 386 923	350 636	-	100%	1 036 287	(23 152)	1 036 287	-	(23 152)	-
Estoril Sol Internacional, S.A.	6 080	140 087	-	100%	(134 007)	(78 333)	-	(134 007)	-	(78 333)
Estoril Sol Capital Digital, S.A. (b)	14 434 338	50 506	10 019 647	100%	14 383 832	9 743 222	14 383 832	-	9 743 222	-
							112 113 422	(164 230)	30 726 296	3 276 196

Subsidiary	2021									
	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)	76 303 367	15 531 457	63494190	100%	60 771 910	3 272 560	60 771 910	-	3 272 560	-
Varzim Sol - Turismo, Jogo e Animação, S.A. (a)	9 744 318	13 099 954	22 458 538	100%	(3 355 636)	(1 072 452)	-	(3 355 636)	-	(1 072 452)
Estoril Sol V - Investimentos Imobiliários, S.A.	50	29 166	-	100%	(29 116)	(1 336)	-	(29 116)	-	(1 336)
DTH - Desenvolvimento Turístico e Hoteleiro, S.A.	3 356 627	2 530 278	-	100%	826 348	(165 181)	826 348	-	(165 181)	-
Estoril Sol Imobiliária, S.A.	5 084 537	1 107	-	100%	5 083 430	(3 942)	5 083 430	-	(3 942)	-
Estoril Sol - Investimentos Hoteleiros, S.A.	9 011 936	2 460	-	90%	9 009 476	(2 689)	9 009 476	-	(2 689)	-
Estoril Sol e Mar - Investimentos Imobiliários, S.A.	1 387 010	327 572	-	100%	1 059 438	(23 294)	1 059 438	-	(23 294)	-
Estoril Sol Internacional, S.A.	2 743 842	2 799 516	-	100%	(55 674)	(31 851)	-	(55 674)	-	(31 851)
Estoril Sol Capital Digital, S.A. (b)	10 975 890	3 925 080	7 984 161	100%	7 050 810	7 854 896	7 050 810	-	7 854 896	-
							83 801 412	(3 440 426)	10 932 350	(1 105 639)

(a) The equity of these subsidiaries for the purposes of applying the equity method in the years ended 31 December 2022 and 2021 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 (Note 3).

(b) In order to reorganize its business and financial holdings, Estoril Sol SGPS, SA set up a new company in 2020, Estoril Sol Capital Digital, SA, which is responsible for holding all the Group's financial holdings in companies operating in the online gambling industry. Thus, in October 2020, the financial investment that Grupo Estoril Sol holds in the company Estoril Sol Digital - Online Gaming Products and Services SA, corresponding to 50% of its capital, previously held by Estoril Sol (III) - Turismo, Animação e Jogo, SA, is now held by the company incorporated in the meantime, Estoril Sol Capital Digital, SA.

On December 31, 2022 and 2021, the Company assessed the estimated recovery value of the assets allocated to the operation carried out by Varzim – Sol. For this purpose, based on the characteristics and nature of the activity carried out, the discounted cash flow method was used, based on financial projections of cash flow until the end of the concession period.

The aforementioned assessment did not identify, on December 31, 2022 and 2021, the need to record any additional impairment loss in addition to those recognized in the years 2017 and 2019.

The projections were discounted, on December 31, 2022 and 2021, with a WACC rate of 7.1%, considering, in the projections for the year ended on December 31, 2022, a progressive remuneration of revenues to pre-pandemic levels until the end of the concession contract (2025).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

The Board of Directors estimates that a positive or negative variation of 0.5% in the discount rate would not have a significant impact on the estimated recovery value of the assets in 2022, which is sensitive, among others, to the level of revenue from game that may occur until the end of the concession, namely with regard to the possible effects of the application of contractual considerations under the terms established in the addendum signed to the concession contract.

The movement in the item "Investments in subsidiaries" was as follows:

	2022	2021
Opening balance	83 801 412	81 460 618
Gains / Losses imputed from subsidiaries	30 726 296	10 932 350
Acquisitions / Capital increases / Reimbursements (a)	-	(4 704 040)
Dividends Distribution (b)	(2 414 286)	(3 887 516)
Closing balance	<u>112 113 422</u>	<u>83 801 412</u>

(a) During the years 2022 and 2021, the Company made supplementary capital/equity payments to its subsidiaries, as follows:

	2022	2021
Reimbursement of Capital made in Estoril Sol Capital Digital	-	(4 704 040)
Total (1)	<u>-</u>	<u>(4 704 040)</u>

(b) On December 14th, 2021, Estoril Sol Capital Digital S.A. paid to Estoril Sol SGPS, S.A., dividends in the total amount of 3.887.516 Euros, in the form of an advance payment on profits for the year 2021 and distribution of retained earnings, which were not settled on 31 December 2021 (Note 15). The same company also attributed to Estoril Sol, SGPS, S.A., an additional dividend of 2,414,286 Euros in accordance with the 2021 results proposal approved on April 27, 2022. The respective amounts were settled in 2022.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

12. RIGHT-OF-USE ASSETS

During the years ended December 31, 2022 and 2021, the movement in “Right-of-use-assets”, as well as in the respective accumulated depreciation and impairment losses, were as follows:

	2022	2021
	Transport Equipment	Transport Equipment
Gross assets:		
Balance at 1st January	64 749	74 609
New contracts	12 977	11 423
Write-off / Disposals	-	(21 283)
Closing balance	<u>77 726</u>	<u>64 749</u>
Depreciation and accumulated impairment losses:		
Balance at 1st January	57 475	33 943
Depreciation of the year (Note 6)	8 714	23 532
Closing balance	<u>66 189</u>	<u>57 475</u>
Net amount	<u>11 537</u>	<u>7 274</u>

The item “Vehicles” refers to car rental contracts used by the Company's employees, for periods between 2 to 4 years. These contracts do not provide for the existence of relevant extension or termination clauses or amounts of residual value guarantees.

13. OTHER NON-CURRENT ASSETS

At 31 December 2022 and 2021, the caption “Other non-current assets” was composed as follows:

	2022	2021
State and other public entities	<u>732</u>	<u>732</u>
	<u>732</u>	<u>732</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

14. OTHER CURRENT ASSETS

At 31st December 2022 and 2021, the caption “Other current assets” had the following composition:

	2022			2021		
	Gross value	Impairments	Net value	Gross value	Impairments	Net value
Receivables from related parties (Note 15)	3 455 258	(19 521)	3 435 737	9 728 285	(19 521)	9 708 764
Advance payments	24 432	-	24 432	991	-	991
	<u>3 479 690</u>	<u>(19 521)</u>	<u>3 460 169</u>	<u>9 729 276</u>	<u>(19 521)</u>	<u>9 709 755</u>

15. RELATED PARTIES

On 31st December of 2022 and 2021 the Company had the following balances with related parties:

Related party	2022		2021	
	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.	171 252	-	171 221	-
Subsidiaries				
- Estoril Sol (III) - Turismo, Animação e Jogo, S.A.	-	363 768	-	349 866
- DTH - Desenvolvimento Turístico e Hoteleiro, S.A.	2 757 162	-	2 507 346	-
- Estoril Sol Imobiliária, S.A.	-	3 165 342	-	3 169 980
- Estoril Sol - Investimentos Hoteleiros, S.A.	-	9 009 477	-	9 011 936
- Estoril Sol V - Investimentos Imobiliários, S.A.	29 166	-	28 059	-
- Estoril Sol e Mar - Investimentos Imobiliários, S.A.	341 549	-	318 483	-
- Estoril Sol Internacional, S.A.	138 699	-	2 798 257	-
- Estoril Sol Capital Digital, S.A.	17 430	-	3 904 919	-
Impairment losses:				
- Estoril Sol V - Investimentos Imobiliários, S.A.	(19 521)	-	(19 521)	-
	<u>3 435 737</u>	<u>12 538 587</u>	<u>9 708 764</u>	<u>12 531 782</u>

In the years ended on 31 December 2022 and 2021 there were no transactions between related parties.

As of 31st December 2022 and 2021, 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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

Reconciliation of liabilities resulting from financing activities:

Below are the changes in the Company's liabilities resulting from financing activities, both cash and non-cash. 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-2020	Financing cash flows (i)	New leasing contracts (Note 12)	Disposals of leasing contracts (Note 12)	Other changes (ii)	Balance at 31 de Dez-2021
Other current liabilities from Related Parties (Notes 15 and 22)	12 526 487	5 295	-	-	-	12 531 782
Lease liabilities	41 750	(23 925)	11 423	-	(17)	7 948
	<u>12 568 237</u>	<u>(18 630)</u>	<u>11 423</u>	<u>-</u>	<u>(17)</u>	<u>12 539 730</u>

Reconciliation of liabilities arising from financing activities						
	Balance at 31 Dez-2021	Financing cash flows (i)	New leasing contracts (Note 12)	Disposals of leasing contracts (Note 12)	Other changes (ii)	Balance at 31 de Dez-2022
Other current liabilities from Related Parties (Notes 15 and 22)	12 531 782	6 805	-	-	-	12 538 587
Lease liabilities	7 948	(9 110)	12 977	-	267	12 082
	<u>12 539 730</u>	<u>(2 305)</u>	<u>12 977</u>	<u>-</u>	<u>267</u>	<u>12 550 669</u>

- (i) The cash flows resulting from Other current liabilities of Related parties and Lease liabilities make up the net amounts of receipts and payments relating to Financing owed from related parties and amortization of lease agreements in the statement of cash flows.
- (ii) This caption includes the net effect of the financial discount referring to payments made to creditors by leasing.

16. CURRENT TAX ASSETS AND LIABILITIES

As at 31 December 2022 and 2021, the captions "Current tax assets" and "Current tax liabilities" in the statement of financial position are made up as follows:

	2022	2021
Current assets:		
Payment on Account (IRC)	23 186	-
	<u>23 186</u>	<u>-</u>
Current Liabilities:		
Estimated corporate Income Tax (Note 10)	34 000	47 857
	<u>34 000</u>	<u>47 857</u>

17. CASH AND CASH EQUIVALENTS

On December 31, 2022 and 2021, “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:

	2022	2021
Cash	2 140	1 650
Immediately available bank deposits	20 231 050	12 824 992
Cash and cash equivalents	20 233 190	12 826 642

In the years ended December 31, 2022 and 2021, 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 approximately 12.977 Euros and 11.423 Euros, in 2022 and 2021, respectively.

18. CAPITAL

Estoril-Sol, S.G.P.S., S.A., an issuer of securities (“shares”) admitted to trading on a regulated market, as at December 31st, 2022 and 2021, has a share capital of € 59.968.420 (fifty nine million, nine hundred and sixty eight thousand, four hundred and twenty euros), represented by 11,993,684 registered shares (ISIN Code PTES00AM0000), 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” (Note 19).

Legal persons with a stake of over 20% in the share capital on 31 December of 2022 and 2010:

- Finansol, Sociedade de Controlo, S.G.P.S, S.A., with 57.79% (a)
- Sociedade Figueira Praia, S.A., with 32.67% (b)

(a) This entity is controlled by the Macau Tourism and Entertainment Society (STDM, headquartered in Macau)

(b) Amorim Entertainment and Gaming International, SGPS, S.A. communicated on April 29, 2022 the transfer of shares hold representing the share capital of Estoril Sol to its subsidiary Sociedade Figueira Praia, S.A..

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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 2022 and 2021 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.

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, 2022 and 2021, 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 May 31, 2022 and June 28, 2021, the results for the years ended December 31, 2021 and 2020 were applied as follows:

	2022	2021
Legal reserve	558 111	-
Other reserves and retained earnings	2 676 566	(20 328 108)
Other variations in equity	7 927 546	-
	<u>11 162 223</u>	<u>(20 328 108)</u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

21. LEASE LIABILITIES

As of December 31, 2022 and 2021, the maturity of amortizations falling due for lease contracts expires as follows:

	2022	2021
2022	-	6 992
2022	5 167	956
2024 and following	6 915	-
	<u>12 082</u>	<u>7 948</u>

22. OTHER CURRENT LIABILITIES

As of 31 December 2022 and 2021, this caption had the following composition:

	2022	2021
Suppliers	4 594	28 207
State and other public entities (a)	11 766	11 657
Other creditors:		
Charges with holidays to be paid	34 849	27 371
Specialised work - Fees	130 526	64 575
Others	61 919	61 820
Accounts payable to related parties (Note 15)	12 538 587	12 531 782
	<u>12 782 241</u>	<u>12 725 412</u>

(a) On 31 December 2022 and 2021 this caption is composed as follows:

	2022	2021
Social Security contributions	6 287	6 166
Other taxes	5 479	5 491
	<u>11 766</u>	<u>11 657</u>

23. CONTINGENT LIABILITIES AND ASSETS, GUARANTEES AND COMMITMENTS

On 31st December of 2022 and 31st December of 2021 the Company had presented the following guarantees:

	2022	2021
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 the key members of the Company's management in the years ended 31 December 2022 and 2021 relate fully to fixed remunerations in the amount of 84.000 Euros and 87.000 Euros, respectively, in each of these years (Note 5).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

25. FINANCIAL INSTRUMENTS

At 31 December 2022 and 2021 the main assets and liabilities financial instruments, recorded at amortized cost, were as follows:

	2022	2021
Financial assets:		
Receivables	3 435 737	9 708 764
Cash and cash equivalents	20 233 190	12 826 642
	23 668 927	22 535 406
Financial liabilities:		
Lease liabilities	12 082	7 948
Payables	12 782 241	12 725 412
	12 794 323	12 733 360

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 and consistent 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 analyse 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 2022 and 2021, the results from its subsidiaries of those years would have increased by approximately 49.000 Euros and 82.000 Euros, respectively.

26. STATUTORY AUDITOR'S FEES

The statutory auditor's fees in 2022 and 2021 were 160.500 Euros and 131.900 Euros, respectively, plus VAT at the current rate, and are exclusively related to legal review and auditing of the Company's separate and Consolidated financial statements.

27. EVENTS AFTER THE BALANCE SHEET DATE

In August 2022, the announcement of the international public tender regarding the Estoril Gaming Zone concession was published, which would be attributed to Estoril-Sol (III) - Turismo, Animação e Jogo S.A., a subsidiary company of Estoril Sol, SGPS, S.A.. On December 30, 2022, through Decree-Law No. 90-E/2022, the Government authorized, exceptionally, the extension of the Estoril game concession in force until the beginning of the new game concession, this extension not being able to exceed the maximum period of 6 months. On January 30, 2023, the Portuguese State and Estoril Sol (III) - Turismo, Animação e Jogo S.A. signed a concession contract for Estoril gaming zone. The new concession of the Estoril game zone began on the date the contract was signed and will end on the 31st (thirty-first) of December of the 15th (fifteenth) year after the beginning its exploitation, that is, December 31, 2037.

Initially, an injunction was filed within the Administrative Court of Lisboa, invoking the pre-contractual regime which resulted in the immediate suspension of the subsequent terms of the public tender. This action was judged imprudent. In this regard, there is still a legal action pending in the Administrative Court of Lisbon brought by the other contender in order to cancel the jury's decision to exclude their submitted proposal, claiming the following: the admission of the proposal submitted as there is no valid reason for exclusion and order it in first place with consequent award of the concession contract. This lawsuit does not have suspensive effects on the current concession contract in execution signed between the Portuguese State and Estoril Sol (III) - Turismo, Animação e Jogo S.A. Additionally, an injunction was also filed within the Administrative Court of Lisboa, regarding the contract formation procedure requesting that the suspension of the execution of the Estoril concession contract to be decreed. The Board of Directors is convinced of its position, understanding that the arguments presented by the Group are solid and will guarantee the maintenance of the decision to attribution the concession of the Estoril Gaming Zone to Estoril Sol, with none of the events mentioned above preventing Estoril Sol from proceed with its plans for the new concession.

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

CONSOLIDATED STATEMENT OF THE FINANCIAL POSITION

ESTORIL SOL., SGPS, S.A.

CONSOLIDATED STATEMENTS OF THE FINANCIAL POSITION ON DECEMBER 31st, 2022 And DECEMBER 31st, 2021

(Amounts in Euros)

ASSETS	Notes	Dec - 22	Dec - 21
NON-CURRENT ASSETS:			
Tangible fixed assets			
Reversible to the State	14	4 506 534	5 751 930
Not reversible to the State	14	47 415 432	48 627 970
Tax deductions on investments	15	<u>(1 968 323)</u>	<u>(2 422 739)</u>
Total non-current assets		49 953 643	51 957 161
Intangible assets	16	2 018 709	2 682 578
Right-of-use assets	17	525 546	345 500
Investment properties	18	165 488	171 039
Other non current assets		<u>126 295</u>	<u>103 854</u>
		<u>52 789 681</u>	<u>55 260 129</u>
CURRENT ASSETS:			
Inventories	20	6 914 448	6 905 362
Accounts receivable - trade	21	441 769	432 790
Current tax assets	19	23 186	-
Other current assets	22	1 604 621	1 695 151
Cash and cash equivalents	23	<u>112 777 135</u>	<u>68 687 884</u>
Total current assets		<u>121 761 159</u>	<u>77 721 187</u>
Total assets		<u>174 550 840</u>	<u>132 981 316</u>
EQUITY and LIABILITIES			
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	9 429 425	8 871 314
Other Reserves and Retained earnings	24	18 941 845	8 095 733
Consolidated net profit		<u>32 848 885</u>	<u>11 162 223</u>
Equity attributable to the holders of the Parent Company		121 440 278	88 349 393
Equity attributable to non-controlling interests	25	<u>13 098 713</u>	<u>6 079 066</u>
Total equity		<u>134 538 991</u>	<u>94 428 459</u>
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Lease liabilities	26	352 526	134 058
Provisions	27	<u>10 124 371</u>	<u>2 874 742</u>
Total non-current liabilities		<u>10 476 897</u>	<u>3 008 800</u>
CURRENT LIABILITIES:			
Lease liabilities	26	176 086	241 497
Bank liabilities	26	64 515	8 884 000
Current tax liabilities	19	78 808	106 013
Other current liabilities	28	<u>29 215 543</u>	<u>26 312 547</u>
Total current liabilities		<u>29 534 952</u>	<u>35 544 057</u>
Total liabilities		<u>40 011 849</u>	<u>38 552 857</u>
Total equity and liabilities		<u>174 550 840</u>	<u>132 981 316</u>

The accompanying notes form an integral part of the consolidated statements of financial position as of 31 December 2022.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

CONSOLIDATED PROFIT AND LOSS STATEMENTS

ESTORIL-SOL, SGPS, S.A.

CONSOLIDATED INCOME STATEMENT

OF THE YEARS ENDED ON 31st DECEMBER, 2022 AND 2021

(Amounts in Euros)

	<u>Notes</u>	<u>Dec - 2022</u>	<u>Dec - 2021</u>
<u>REVENUE:</u>			
Gaming revenues	6	208 873 367	133 162 385
Gaming taxes	6	<u>(74 703 485)</u>	<u>(52 489 052)</u>
		134 169 882	80 673 333
Government Grant - Lay-Off	6	2 134	4 562 824
Other operating revenue	6	<u>5 744 174</u>	<u>2 842 058</u>
		<u>139 916 190</u>	<u>88 078 215</u>
<u>OPERATING EXPENSES:</u>			
Cost of sales	7	(1 897 685)	(872 693)
Supplies and external services	8	(48 166 898)	(32 782 569)
Wages and salaries	9	(33 601 059)	(30 873 489)
Depreciation and amortization	10	(3 314 112)	(5 062 559)
Impairments - accounts receivable ((increases) / reversals)	21 e 22	(150 512)	(670 004)
Provisions ((increases) / reversals)	27	(7 737 515)	3 030 153
Other operating expenses	11	<u>(1 937 285)</u>	<u>(1 301 364)</u>
Total operating expenses		<u>(96 805 066)</u>	<u>(68 532 525)</u>
Income before financial results and taxes		<u>43 111 124</u>	<u>19 545 690</u>
<u>FINANCIAL (LOSSES) AND GAINS:</u>			
Financial losses	12	(276 763)	(349 212)
Financial gains	12	<u>112 979</u>	<u>55 917</u>
		<u>(163 784)</u>	<u>(293 295)</u>
Income before taxes		42 947 340	19 252 395
Income taxes	13	(78 808)	(106 013)
Consolidated net income		<u>42 868 532</u>	<u>19 146 382</u>
Attributable to:			
Equity holders of the Parent Company		32 848 885	11 162 223
Non-controlling interests	25	<u>10 019 647</u>	<u>7 984 159</u>
		<u>42 868 532</u>	<u>19 146 382</u>
Net result per share			
Basic and diluted	32	<u>2,75</u>	<u>0,94</u>

The accompanying notes form an integral part of the consolidated income statement of the year as of 31 December 2022.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

CONSOLIDATED OTHER COMPREHENSIVE INCOME (OCI)

ESTORIL SOL, SGPS, S.A.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

OF THE YEARS ENDED ON 31ST DECEMBER 2022 AND 2021

(Amounts in Euros)

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Consolidated net result of the year		42 868 532	19 146 382
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	242 000	376 000
Consolidated comprehensive income of the year		<u>43 110 532</u>	<u>19 522 382</u>
Attributable to:			
Equity holders of the parent		33 090 885	11 538 223
Non-controlling interests	25	<u>10 019 647</u>	<u>7 984 159</u>
		<u>43 110 532</u>	<u>19 522 382</u>

The notes form part of the consolidated statement of other comprehensive income of the years ended on 31 December 2022.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

ESTORIL-SOL SGPS, S.A.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31st DECEMBER 2022 AND 2021

(Amounts in Euros)

	Notes	Share Capital	Treasury Shares	Issue Premiums	Legal Reserve	Other Reserves and Retained Earnings	Consolidated net result of the year	Total	Non-controlling interests (Note 12)	Total	Equity
Balance at 01 st January 2021		59 968 420	(708 306)	960 009	8 871 314	28 047 841	(20 328 108)	76 811 170	7 794 907	84 606 077	
Application of the consolidated net profit of the year ended 31 st December 2020	24	-	-	-	-	(20 328 108)	20 328 108	-	-	-	-
Dividends paid to Non-controlling interests		-	-	-	-	-	-	-	(9 700 000)	(9 700 000)	
Consolidated Other Comprehensive Income (OCI) of the year ended 31 st December 2021	25	-	-	-	-	376 000	11 162 223	11 538 223	7 984 159	19 522 382	
Balance at 31 st December 2021		59 968 420	(708 306)	960 009	8 871 314	8 095 732	11 162 223	88 349 393	6 079 066	94 428 459	
Balance at 01 st January 2022		59 968 420	(708 306)	960 009	8 871 314	8 095 733	11 162 223	88 349 393	6 079 066	94 428 459	
Application of the consolidated net profit of the year ended 31 st December 2021	24	-	-	-	558 111	10 604 112	(11 162 223)	-	-	-	-
Dividends paid to Non-controlling interests	25	-	-	-	-	-	-	-	(3 000 000)	(3 000 000)	
Consolidated Other Comprehensive Income (OCI) of the year ended 31 st December 2022		-	-	-	-	242 000	32 848 885	33 090 885	10 019 647	43 110 532	
Balance at 31 st December 2022		59 968 420	(708 306)	960 009	9 429 425	18 941 845	32 848 885	121 440 278	13 098 713	134 538 991	

The notes form an integral part of the consolidated statement of changes in equity of the years ended on 31 December 2022.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

CONSOLIDATED CASH FLOW STATEMENTS

ESTORIL-SOL, SGPS, S.A.

CONSOLIDATED CASH FLOW STATEMENTS

FOR THE PERIODS ENDED 31st DECEMBER 2022 AND 2021

(Amounts in Euros)

	Notes	2022	2021
<u>OPERATING ACTIVITIES:</u>			
Receipts from clients		214 390 119	135 611 456
Payments to suppliers		(47 661 445)	(33 160 180)
Payments to staff		(31 350 660)	(25 146 754)
Cash flow generated by operations		135 378 014	77 304 522
Payment of income tax		(131 080)	(124 621)
Payment of Special Gaming tax		(75 730 723)	(55 304 117)
Other payments relating to the operating activity		(3 101 281)	(3 747 401)
Cash flow from operating activities (1)		<u>56 414 930</u>	<u>18 128 383</u>
<u>INVESTING ACTIVITIES:</u>			
Receipts from:			
Interest and similar income		129 979	55 188
		<u>129 979</u>	<u>55 188</u>
Payments in respect of:			
Tangible fixed assets		(98 570)	(94 272)
Intangible assets		(14 000)	(8 000)
		<u>(112 570)</u>	<u>(102 272)</u>
Cash flow from investment activities (2)		<u>17 409</u>	<u>(47 084)</u>
<u>FINANCING ACTIVITIES:</u>			
Receipts from:			
Bank loans obtained	26	38 246 426	86 596 067
		<u>38 246 426</u>	<u>86 596 067</u>
Payments in respect of:			
Bank loans repaid	26	(47 065 911)	(84 270 167)
Interest and similar costs	26	(268 527)	(312 684)
Dividends	24/25	(3 000 000)	(9 700 000)
Amortization of lease liabilities	26	(319 591)	(405 455)
		<u>(50 654 029)</u>	<u>(94 688 306)</u>
Cash flow from financing activities (3)		<u>(12 407 603)</u>	<u>(8 092 239)</u>
Variation in cash and cash equivalents (4)=(1)+(2)+(3)		44 024 736	9 989 060
Cash and cash equivalents at the start of the period	23	68 687 884	58 698 824
Cash and cash equivalents at the end of the period	23	112 712 620	68 687 884

The notes form an integral part of the cash flow consolidated statements for the year ended 31 December 2022.

THE ACCOUNTANT

THE BOARD OF DIRECTORS

1. INTRODUCTION

Estoril-Sol, S.G.P.S., 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. As a result, all operations that had been carried out were transferred to companies incorporated for this purpose, assuming the status of its subsidiaries. In turn, the parent company’s main operations involved holdings management with its shares listed on the Euronext Lisbon.

The main business sector in which the subsidiaries operates consists of the operation of physical casinos of games, an activity regulated by Turismo de Portugal through the Gaming Regulation and Inspection Service, under the concession contracts of the Póvoa game concession (until 2025), which includes the exploration of the Póvoa de Varzim Casino, and the Estoril game concession (until 2022), which includes the Estoril Casino and the Lisboa Casino.

At the end of the 2021 financial year, and within the context of the Covid-19 pandemic, whose measures adopted by the Government to contain the disease, admittedly produced significant negative impacts in game concessions operations, first of all due to the imposition of the closure of casinos for long periods of time during the course of the years 2020 and 2021, and by other several restrictions, namely in terms of timetables and capacity allowed within the casinos during the periods in which it was possible to resume activity, Decree-Law No. 103/2021 of 24th November and Order No. 80/2021 of 13th December, from the Minister of State, Economy and Digital Transition, were published, provided for the possibility to extend the expiration date of the concession contracts, Estoril until December 31st, 2022 and Póvoa until December 31st, 2025. They also came to define under what terms the extension could occur, allowing gaming concessionaires to present the assessment of the economic and financial rebalance of the concession contracts and determine the eligible requirements that should be met in order to allow for the rebalance of the contracts. The amendments to the concession contracts for Estoril and Póvoa gaming areas were formalized on March 2nd, 2022. On the same day, March 2, 2022, the establishment of an arbitration agreement following the withdrawal of the lawsuits that ran in the Administrative and Tax Courts was also formalized.

In August 2022, the announcement of the international public tender regarding the Estoril Gaming Zone concession was published, which would be attributed to Estoril-Sol (III) - Turismo, Animação e Jogo S.A., a subsidiary company of Estoril Sol, SGPS, S.A.. On December 30, 2022, through Decree-Law No. 90-E/2022, the Government authorized, exceptionally, the extension of the Estoril game concession in force until the beginning of the new game concession, this extension not being able to exceed the maximum period of 6 months. On January 30, 2023, the Portuguese State and Estoril Sol (III) - Turismo, Animação e Jogo S.A. signed a concession contract for Estoril gaming zone. The new concession of the Estoril game zone began on the date the contract was signed and will end on the 31st (thirty-first) of December of the 15th (fifteenth) year after the beginning its exploitation, that is, December 31, 2037.

In addition, in 2016 on 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.

Under the aforementioned concession contracts, reversible tangible fixed assets are recognized in the financial statements of the subsidiaries that will be delivered to the State at the end of the concession. 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 subsidiary Estoril-Sol (III) – Turismo, Animação e Jogo, S.A. after the end of the concession and as such is not considered as being reversible.

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 20th, 2023 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 carried out an assessment of the Company's ability to operate, 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 assumption of continuity of operations. in the preparation of the financial statements, based on the Company's books and accounting records. In addition, the concession contracts for the Estoril and Póvoa de Varzim Gaming Zone, attributed to their subsidiaries, authorize the exploitation of the Casino Lisboa and Estoril and Casino da Póvoa, under the terms of the respective concession and applicable legislation, until December 31st, 2037 and 2025 (Note 1), respectively.

Bearing in mind the expected results obtained from operating gaming activities in the concession areas, as well as the value in use of the respective assets for an exclusive concessionaire for operating games, no losses are expected on those assets that are not registered on 31 December from 2022.

Relevant facts occurred during the year:

At the end of the 2021 financial year, and within the context of the Covid-19 pandemic, whose measures adopted by the Government to contain the disease, admittedly produced significant negative impacts in game concessions operations, first of all due to the imposition of the closure of casinos for long periods of time during the course of the years 2020 and 2021, and by other several restrictions, namely in terms of timetables and capacity allowed within the casinos during the periods in which it was possible to resume activity, Decree-Law No. 103/2021 of 24th November and Order No. 80/2021 of 13th December, from the Minister of State, Economy and Digital Transition, were published, provided for the possibility to extend the expiration date of the concession contracts, Estoril until December 31st, 2022 and Póvoa until December 31st, 2025. They also came to define under what terms the extension could occur, allowing gaming concessionaires to present the assessment of the economic and financial rebalance of the concession contracts and determine the eligible requirements that should be met in order to allow for the rebalance of the contracts. The amendments to the concession contracts for Estoril and Póvoa gaming areas were formalized on March 2nd, 2022. On the same day, March 2, 2022, the establishment of an arbitration

agreement following the withdrawal of the lawsuits that ran in the Administrative and Tax Courts was also formalized.

In August 2022, the announcement of the international public tender regarding the Estoril Gaming Zone concession was published, which would be attributed to Estoril-Sol (III) - Turismo, Animação e Jogo S.A., a subsidiary company of Estoril Sol, SGPS, S.A.. On December 30, 2022, through Decree-Law No. 90-E/2022, the Government authorized, exceptionally, the extension of the Estoril game concession in force until the beginning of the new game concession, this extension not being able to exceed the maximum period of 6 months. On January 30, 2023, the Portuguese State and Estoril Sol (III) - Turismo, Animação e Jogo S.A. signed a concession contract for Estoril gaming zone. The new concession of the Estoril game zone began on the date the contract was signed and will end on the 31st (thirty-first) of December of the 15th (fifteenth) year after the beginning its exploitation, that is, December 31, 2037.

Initially, an injunction was filed within the Administrative Court of Lisboa, invoking the pre-contractual regime which resulted in the immediate suspension of the subsequent terms of the public tender. This action was judged imprudent. In this regard, there is still a legal action pending in the Administrative Court of Lisbon brought by the other contender in order to cancel the jury's decision to exclude their submitted proposal, claiming the following: the admission of the proposal submitted as there is no valid reason for exclusion and order it in first place with consequent award of the concession contract. This lawsuit does not have suspensive effects on the current concession contract in execution signed between the Portuguese State and Estoril Sol (III) - Turismo, Animação e Jogo S.A. Additionally, an injunction was also filed within the Administrative Court of Lisboa, regarding the contract formation procedure requesting that the suspension of the execution of the Estoril concession contract to be decreed. The Board of Directors is convinced of its position, understanding that the arguments presented by the Group are solid and will guarantee the maintenance of the decision to attribution the concession of the Estoril Gaming Zone to Estoril Sol, with none of the events mentioned above preventing Estoril Sol from proceed with its plans for the new concession.

2.2. Principles of consolidation

The consolidation methods adopted by the Group are the following:

a) Controlled companies

Shareholdings in controlled companies, or rather, in which the Group holds, directly or indirectly more than 50% of the voting rights in a General Meeting of Shareholders or has the power to control their financial and operational policies (definition of control used by the Group), were included in these consolidated financial statements by the purchase method of consolidation. The equity and net result of these companies corresponding to the participation of third parties therein, is presented separately in the consolidated statement of the financial position and in the consolidated income statement, respectively, in the "Minority interests" caption, which on the date of these financial statements had no value.

Companies included in the consolidation are indicated in Note 4.

When losses attributable to shareholders without control exceed the respective interest in the equity of the controlled company, the Group absorbs this excess and any additional losses, except when those shareholders have an obligation or have manifested an intention to do so and are able to cover these losses. If the controlled company subsequently reports profits, the Group appropriates all the profits until the part of the losses absorbed by the Group relating to those shareholders has been recovered.

The assets, liabilities and contingent liabilities of controlled companies are measured by their respective fair value on the acquisition date. Any excess of the acquisition cost over the fair value of the net assets acquired is recognised as goodwill (Note 2.4). If the difference between the acquisition cost and the fair value

of the net assets acquired is negative, this is recognised as a result of the period. The interests of shareholders without control are presented by the respective proportion of the fair value of the assets and liabilities identified.

Whenever necessary, adjustments are made to the financial statements of sub-companies to adapt their accounting policies to those used by the Group. The transactions, balances and dividends distributed between Group companies are eliminated in the consolidation process.

Changes in the interests held by the Group in controlled entities

Changes in the interests held by the Group in controlled entities that do not result in the loss of control over them are accounted for as equity transactions. The book values of interests held by the Group and non-controlling interests are adjusted to reflect changes in their relative interests (percentage held in control) held in them. Any difference between the amount by which non-controlling interests are adjusted and the fair value received or paid is recognized directly in retained earnings and attributed to the Group's holders.

When the Group loses control of an entity, a gain or loss is recognized in profit or loss, calculated as the difference between (i) the sum of the fair value received and the fair value of any interest retained in the entity and (ii) the net book value of the assets (including goodwill) and liabilities of that entity and any non-controlling interests. All amounts previously recognized in the statement of comprehensive income in relation to that entity are accounted for as if the Group had written off the corresponding assets or liabilities of the subsidiary (i.e., by reclassifying them to profit or loss).

The fair value of any interest retained in the former subsidiary on the date that control is lost corresponds to its fair value for the purposes of IFRS 9, which corresponds to the cost upon initial recognition of an investment in an associate not controlled by the Group.

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 pick-up 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, against financial gains or 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 01 January 2004, were maintained, with this reassessed value being designated at cost value for the purposes of the IFRS.

Other 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, 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 Casino	2022
Póvoa Casino	2025

Decree-Law No. 103/2021 of 24 November 2021 and Order No. 80/2021 of 13 December provide for the possibility to extend the concession contracts for the Estoril and Póvoa gaming areas. As a result of the two publications, amendments were formalized in March 2022 to the concession contracts for both gaming zones, thus extending the concession contract for the Estoril gaming area until December 31st, 2022 and the concession contract for Póvoa gaming area until December 31st, 2025.

Additionally, on January 30, 2023, the Portuguese State and Estoril Sol (III) - Turismo, Animação e Jogo, S.A. signed an exclusive concession contract to operate casino games in the gaming area of Estoril. The concession of Estoril gaming area began on the date the contract was signed and will end on the 31st (thirty-first) of December of the 15th (fifteenth) year after the beginning of the concession exploration, that is, December 31st, 2037.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Current maintenance and repair costs are recorded as a cost when incurred. Improvements are recorded as assets only in those cases concerning increased future economic benefits and which correspond to the replacement of goods, which are written down.

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 applied IFRS 16 using the simplified method (Note 3) and, consequently, the comparative information has not been restated and is presented in accordance with IAS 17. Details of the accounting policies under IAS 17 and IFRS 16 are separately presented below.

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</u>
Estoril and Lisbon Casinos	2022
Póvoa Casino	2025
Casino Online / Sports Betting	2025/2023 (renewal for periods of three years)

Decree-Law No. 103/2021 of 24 November 2021 and Order No. 80/2021 of 13 December provide for the possibility to extend the concession contracts for the gaming areas of Estoril and Póvoa. As a result of the two publications, amendments were formalized in March 2022 to the concession contracts for both gaming zones, thus extending the concession contract for Estoril until December 31st, 2022 and Póvoa until December 31st, 2025.

Additionally, on January 30, 2023, the Portuguese State and Estoril Sol (III) - Turismo, Animação e Jogo, S.A. signed an exclusive concession contract to operate casino games in the gaming area of Estoril. The concession of Estoril gaming area began on the date the contract was signed and will end on the 31st (thirty-first) of December of the 15th (fifteenth) year after the beginning of the concession exploration, that is, December 31st, 2037.

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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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, S.G.P.S., 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 Estoril Sol Capital Digital, S.A., incorporated during the year ended December 31, 2020, is excluded from the RETGS.

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 this system:

- 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.
- Estoril Sol Internacional, 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 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 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

I - Defined benefit plans

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 current assets and liabilities. All other assets and liabilities are classified as non-current

2.17 Cash flow statement

The statement of cash flows is prepared in accordance with IAS 7 – Statements of cash flows, using the direct method. The Company classifies assets with a maturity of less than three months under the caption cash and cash equivalents, and for which the risk of change in value is insignificant. For purposes of the statement of cash flows, the caption cash and cash equivalents also includes bank overdrafts included in the balance sheet under the caption obtained financing.

Cash flows are classified, in the statement of cash flows, depending on their nature, into (1) operating activities, (2) investing activities and (3) financing activities.

Operating activities essentially comprise receipts from customers and payments to suppliers and personnel. They also include payments of net indirect taxes, gaming taxes and income tax.

The cash flows involved in investing activities include, namely, acquisitions and disposals of financial investments, dividends received from associated companies and receipts and payments arising from the purchase and sale of intangible and tangible assets.

Cash flows related to financing activities include, inter alia, payments and receipts relating to loans obtained, lease agreements, payments related to interest and related expenses and payment of dividends.

2.18 Net result per share

Basic earnings per share is calculated by dividing the earnings attributable to common equity holders of the parent company by the weighted average number of common shares outstanding during the period.

Diluted earnings per share equal basic earnings, as there are no interests in convertible preferred shares or stock options.

2.19 Equity

The Group seeks to maintain an adequate level of Equity that allows it not only to ensure the continuity and development of its activity, but also to provide adequate remuneration for its shareholders and the optimization of the cost of capital.

Subscribed capital

In compliance with the provisions of article 272 of the Commercial Companies Code (CSC), the company's contract indicates the period for paying up the capital subscribed and not paid up on the date of the deed.

Own shares

In compliance with the provisions of article 324 of the CSC, while the shares belong to the company, they must:

- a) Suspension of all rights inherent to shares, except for the holder's right to receive new shares in case of capital increase by incorporation of reserves;
- b) A reserve for an amount equal to that for which they are accounted for becomes unavailable.

Legal reserve

According to article 295 of the CSC, at least 5% of the result determined in the Company's separate financial statements must be allocated to the constitution or reinforcement of the legal reserve until it represents at least 20% of the share capital. The legal reserve is not distributable except in the event of liquidation and can only be used to absorb losses, after all other reserves have been exhausted, or for incorporation into the share capital (article 296 of the CSC).

Retained earnings

This item reflects the appropriation of results, from previous years, realized and not distributed.

2.20 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. JUDGMENTS OF VALUE, CRITICAL ASSUMPTIONS AND MAIN SOURCES OF UNCERTAINTY ASSOCIATED TO ESTIMATES

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, 2022, during the year 2022 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, 2022 include:

- Analyzes of impairment of non-current assets;
- Registration of provisions;
- Impairment analysis of inventories (real estate portfolio).

On December 31st, 2022 and 2021, as mentioned in Note 16, the Company carried out a new assessment of the estimated recovery value of the assets assigned to Varzim - Sol.

The aforementioned assessment did not give rise, on December 31st, 2022 and 2021, to the recording of any impairment loss.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Amendments to IFRS of mandatory application in 2022

Up to the date for approving these financial statements, the European Union endorsed the following accounting standards, interpretations, amendments, and revisions, mandatorily applied to the financial year beginning on 1 January 2022:

Standard / Interpretation	Applicable in the European Union in the financial years begun on or after	
Amendments to standard IFRS 3	1-Jan-22	This amendment corresponds to the updated reference to the 2018 conceptual framework; additional requirements for analysis of liabilities under IAS 37 or IFRIC 21 at the date of acquisition; and explicit clarification that contingent assets are not recognised in a business combination.
Amendment to standard IAS 16 – “Proceeds before intended use”	1-Jan-22	This amendment corresponds to a change to standard IAS 16 for the prohibition of deduction of income related to the sale of products from the cost of a tangible asset before the asset is available for use.
Amendment to standard IAS 37 – Onerous Contracts	1-Jan-22	This amendment corresponds to the clarification that costs of compliance with a contract correspond to costs directly related to the contract.
2018-2020 Annual Improvements	1-Jan-22	Essentially correspond to amendments to the following standards: <ul style="list-style-type: none"> – IFRS 1 – practical expedient allowing a subsidiary initially adopting IFRS on a date following that of its parent company to have the option of measuring cumulative transposition differences for all foreign operating units by the amount that would be included in the parent company’s financial statements, based on the parent company’s transition date to IFRS; – IFRS 9 – clarifies the commissions that should be included in the 10% test for the purposes of derecognising a financial liability; – IAS 41 – eliminates the requirement of excluding cash flows related to taxes in measuring fair value.

There were no significant effects on the Group's financial statements for the year ended 31 December 2022, from the adoption of the above standards, interpretations, amendments and revisions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 Euro- pean Union in the financial years initiated in or after	
IFRS 17 - Insurance Contracts	1-Jan-23	This standard establishes, for insurance contracts within its scope of application, the principles for their recognition, measurement, presentation, and disclosure. This standard replaces IFRS 4 – Insurance Contracts.
Amendment to IAS 8 – Accounting policies, changes in accounting estimates and errors – Definition of accounting estimates	1-Jan-23	This amendment, published by the IASB in February 2021, changes the definition of accounting estimate to monetary amount in financial statements subject to measurement uncertainty.
Amendment to IAS 1 – Presentation of financial statements and IFRS Practice Statement 2 – Disclosure of accounting policies	1-Jan-23	This amendment, published by the IASB in February 2021, clarifies that material accounting policies, rather than significant accounting policies, must be disclosed, and has introduced examples for identifying a material accounting policy.
Amendment to IAS 12 Income taxes – Deferred taxes	1-Jan-23	This amendment, published by the IASB in May 2021, clarifies that the exemption from initial recognition of deferred taxes does not apply in transactions that produce equal amounts of taxable and deductible temporary differences.
Amendment to IFRS 17 – Insurance contracts – initial application of IFRS 17 and IFRS 9 – comparative information	1-Jan-23	This amendment, published by the IASB in December 2021, introduces changes on comparative information to be presented when an entity adopts IFRS 17 and IFRS 9 at the same time.

These standards, although endorsed by the European Union, were not adopted by the Group in 2022, 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.

NOTES TO 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 financial years begun on or after	
Amendments to IAS 1 Presentation of financial statements – Classification of liabilities as current and non-current; Deferral of application date; Noncurrent liabilities with covenants	1-Jan-24	These amendments published by the IASB clarify the classification of liabilities as current and non-current by analysing the contractual conditions existing at the reporting date. The amendment related to non-current liabilities with covenants clarifies that only those conditions that must be met on or before the reference date of the financial statements apply for the purposes of classification as current/non-current, while also postponing the application date to 1 January 2024.
Amendment to IFRS 16 – Leases – Lease liabilities in a sale and leaseback transaction	1-Jan-24	This amendment published by the IASB in September 2022 clarifies the how a lessee seller records a sale and leaseback transaction that meets the criteria in IFRS 15 to be classified as a sale.

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 2022.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. COMPANIES INCLUDED IN THE CONSOLIDATION AND ASSOCIATE COMPANIES

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 2022 and 2021 are the following:

Name	Head office	Method of Consolidation	Effective percentage of the capital held	
			Dec-22	Dec-21
Estoril-Sol, S.G.P.S., 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	100

- (a) Estoril-Sol Digital's activity started with the granting of the license to exploit online casino games in July 2016. Within the scope of the online operation, which is carried out through that subsidiary, Estoril-Sol (III), a company owned by the issuer, signed in July 2016 with the company, Vision Gaming Holding Limited ("Vision Gaming"), based in Malta, an association agreement, through which on December 31, 2022 and 2021, the Estoril Sol Group and Vision Gaming both hold a share corresponding to 50% of the share capital of that entity, which attributes to Vision Gaming mere protective rights. The Estoril Sol Group, which is entitled to variable returns from its involvement in the aforementioned activity and is exposed to risks resulting from the same, such as reputational risk, among others, assured, within the scope of the aforementioned agreement, the right to appoint the Chairman of the Board of Directors of said entity, which allows it, through its casting vote, to hold and exercise effective control over the operations of Estoril Sol Digital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 analyses 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, S.G.P.S., S.A. and the other operating activities of the Group.

On 31st December 2022 and 2021, the information by business segment, is as follows:

	December - 2022							
	Estoril Game Zone			Sub-Total	Póvoa Casino	License for Online Gambling	Other	Total
	Estoril Casino	Lisboa Casino	Casino Online					
Operating revenue	33 695 562	42 965 801	76 661 363	24 258 555	38 996 272	-	139 916 190	
Result of the segment	708 207	15 918 471	16 626 678	7 727 711	20 039 293	(1 525 150)	42 868 532	
Net assets	28 591 619	72 968 183	101 559 801	8 916 090	34 860 925	29 214 024	174 550 840	
Net liabilities	11 428 117	13 063 430	24 491 547	4 286 213	8 663 497	2 570 592	40 011 849	
Investimento activos:								
- tangible fixed (Note 14)	33 057	32 294	65 350	531 190	9 292	-	605 832	
- intangible (Note 16)	-	-	-	-	14 000	-	14 000	
- Right-of-use Assets (Note 17)	99 678	99 678	199 356	13 846	237 877	12 976	464 055	
- tax deductions on investments (Note 15)	-	-	-	262 669	-	-	262 669	
Depreciation and amortization (Note 10)	(104 394)	(1 159 877)	(1 264 271)	(1 868 946)	(169 777)	(11 118)	(3 314 112)	
Impairments (Note 16 and 21)	(75 256)	(75 256)	(150 512)	-	-	-	(150 512)	
Provisions - increases (Note 27)	(3 900 000)	(3 900 000)	(7 800 000)	-	-	-	(7 800 000)	
Provisions - reversals (Note 27)	-	-	-	62 485	-	-	62 485	
Indemnities - included in "Personal costs" (Note 9)	51 163	51 163	102 325	1 212	-	-	103 537	
Average number of employees (Note 9)	344	303	647	219	34	25	925	

	December - 2021							
	Estoril Gaming Zone			Sub-Total	Póvoa Casino	License for Online Gambling	Other	Total
	Estoril Casino	Lisboa Casino	Casino Online					
Operating revenue	17 770 146	23 443 417	41 213 563	14 867 918	31 996 734	-	88 078 215	
Result of the segment	(2 230 403)	5 497 993	3 267 590	(1 067 350)	15 968 321	977 821	19 146 382	
Net assets	15 630 542	60 672 825	76 303 367	9 744 318	24 482 892	22 450 739	132 981 316	
Net liabilities	6 891 071	8 640 386	15 531 457	13 099 954	7 425 961	2 495 485	38 552 857	
Investimento activos:								
- tangible fixed (Note 14)	29 369	25 557	54 926	75 258	1 815	-	131 999	
- intangible (Note 16)	-	-	-	-	8 000	-	8 000	
- Right-of-use Assets (Note 17)	34 182	34 182	68 364	100 952	19 152	11 423	199 891	
- tax deductions on investments (Note 15)	15 936	12 338	28 274	7 568	-	-	35 842	
Depreciation and amortization (Note 10)	(113 827)	(1 253 548)	(1 367 375)	(3 500 461)	(161 533)	(33 190)	(5 062 559)	
Impairments (Note 16 and 21)	13 951	13 951	27 902	-	100	-	28 002	
Provisions - increases (Note 27)	-	-	-	79 528	-	-	79 528	
Provisions - reversals (Note 27)	-	-	-	(682 325)	-	(1 250 360)	(1 932 685)	
Indemnities - included in "Personal costs" (Note 9)	12 895	-	12 895	483 305	-	-	496 200	
Average number of employees (Note 9)	342	313	661	225	33	25	937	

Segment revenues arise from transactions with external customers. There are no transactions between segments. The accounting policies used in the preparation of the financial information presented by segment are consistent with those used in the preparation of the Group's consolidated financial statements.

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6. OPERATING INCOME BY NATURE

The consolidated operating income, in the years ended on 31st December 2022 and 2021, is split in the following manner:

Nature	December - 2022					
	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	30 833 100	51 120 326	81 953 426	30 546 697	47 384 118	159 884 241
- Table based gaming and Poker	16 002 293	14 614 018	30 616 311	4 893 650	4 328 926	39 838 887
- Sports betting	-	-	-	-	17 235 882	17 235 882
- Bonuses and other fair value adjustments	(182 339)	(232 380)	(414 719)	(1 165)	(7 669 759)	(8 085 643)
	46 653 054	65 501 964	112 155 018	35 439 182	61 279 167	208 873 367
Gaming taxes:						
- Special Gaming Tax (current)	(17 570 323)	(23 171 726)	(40 742 049)	(11 657 562)	(22 303 874)	(74 703 485)
	(17 570 323)	(23 171 726)	(40 742 049)	(11 657 562)	(22 303 874)	(74 703 485)
Government Grants/Subsidies						
- IEFP - Extraordinary incentive to resume activity	925	925	1 850	284	-	2 134
	925	925	1 850	284	-	2 134
Other operating revenues:						
- F&B and Entertainment	4 274 024	556 998	4 831 022	467 015	-	5 298 037
- Supplementary income	162 516	49 338	211 854	7 309	-	219 163
- Other	175 366	28 301	203 667	2 327	20 979	226 973
	4 611 906	634 638	5 246 544	476 651	20 979	5 744 174
	33 695 562	42 965 801	76 661 363	24 258 555	38 996 272	139 916 190

Nature	December - 2021					
	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	17 815 169	27 069 715	44 884 884	18 772 540	41 463 431	105 120 855
- Table based gaming and Poker	6 218 722	6 644 700	12 863 422	2 347 327	4 814 979	20 025 728
- Sports betting	-	-	-	-	15 304 108	15 304 108
- Bonuses and other fair value adjustments	(53 402)	(117 186)	(170 588)	(978)	(7 116 740)	(7 288 306)
	23 980 489	33 597 229	57 577 718	21 118 889	54 465 778	133 162 385
Gaming taxes:						
- Special Gaming Tax (current)	(10 059 775)	(12 220 850)	(22 280 625)	(7 590 622)	(22 617 805)	(52 489 052)
- Annual Gaming Tax (difference to minimum grant)	-	-	-	-	-	-
	(10 059 775)	(12 220 850)	(22 280 625)	(7 590 622)	(22 617 805)	(52 489 052)
Government Grants/Subsidies						
- Social Security - Lay-Off	1 614 936	1 409 567	3 024 503	1 086 972	-	4 111 475
- IEFP - Extraordinary incentive to resume activity	230 624	220 725	451 349	-	-	451 349
	1 845 560	1 630 292	3 475 852	1 086 972	-	4 562 824
Other operating revenues:						
- F&B and Entertainment	1 838 565	358 102	2 196 667	238 581	-	2 435 248
- Supplementary income	35 997	9 936	45 933	13 324	-	59 258
- Other	129 310	68 709	198 018	774	148 761	347 552
	2 003 872	436 746	2 440 618	252 679	148 761	2 842 058
	17 770 146	23 443 417	41 213 563	14 867 918	31 996 734	88 078 215

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)

7. COST OF SALES

In the years ended on 31st December 2022 and 2021, this caption is broken down as follows:

	2022			Total
	Goods	Finished and intermediate products	Raw materials and consumables	
Opening balance	6 033 630	3 333 132	276 010	9 642 772
Purchases	-	-	1 901 861	1 901 861
Adjustments	-	-	4 910	4 910
Closing balance (Note 20)	6 033 630	3 333 132	285 096	9 651 858
Cost of goods sold and materials consumed	-	-	1 897 685	1 897 685

	2021			Total
	Goods	Finished and intermediate products	Raw materials and consumables	
Opening balance	6 033 630	3 333 132	277 609	9 644 371
Purchases	-	-	891 561	891 561
Adjustments	-	-	(20 467)	(20 467)
Closing balance (Note 20)	6 033 630	3 333 132	276 010	9 642 772
Cost of goods sold and materials consumed	-	-	872 693	872 693

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8. EXTERNAL SUPPLIES AND SERVICES

In the years ended on 31st December 2022 and 2021, external supplies and services were as follows:

	2022	2021
Advertising	8 495 449	7 087 063
Fees	7 899 130	5 881 290
Gifts to customers	5 515 226	2 597 286
Energy and other fluids	4 879 522	2 634 312
Subcontracts	3 615 055	1 829 984
Financial services (comissions)	2 969 869	2 617 961
Conservation and repairs	2 940 957	1 758 216
Cleaning and laundry	2 907 068	2 099 581
Specialized work	2 260 740	1 588 556
Royalties	2 006 974	1 362 060
Surveillance and security	1 856 986	1 326 209
Rents	915 770	669 634
Communication	538 553	268 646
Insurance	398 570	388 799
Travel and hotels	185 645	97 100
Others	781 383	575 872
	<u>48 166 898</u>	<u>32 782 569</u>

As at 31 December 2022 and 2021, the item "Supplies and external services" includes expenses with related parties in the amount of 6.600.884 Euros and 5.267.016 Euros, respectively (Note 34).

9. PERSONNEL COSTS

In the years ended 31 December 2022 and 2021, the caption "Personnel costs" is detailed as follows:

	Dec - 2022	Dec - 2021
Remuneration of governing bodies	2 429 423	2 462 466
Remuneration of staff	23 527 926	22 112 090
Indemnities	103 537	496 200
Charges on remuneration	5 698 560	4 312 415
Insurance	218 166	170 217
Social charges	1 294 150	1 099 695
Post-employment benefits (Note 27)	13 000	21 000
Other	316 297	199 406
	<u>33 601 059</u>	<u>30 873 489</u>

During the years ended on 31 December 2022 and 2021, the average number of staff in the service of the Group was 925 and 937 employees, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. DEPRECIATION AND AMORTIZATION

In the years ended on 31st December 2022 and 2021, the Group booked the following depreciations:

	2022	2021
Tangible fixed assets (Note 14)		
Reversible to the State	1 759 556	3 313 011
Non-reversible to the State	1 304 211	1 374 211
Tax deductions on investments (Note 15)	<u>(717 085)</u>	<u>(1 377 834)</u>
Net	2 346 682	3 309 388
Intangible assets (Note 16)	677 869	1 351 262
Right of use assets (Note 17)	284 010	396 358
Investment properties (Note 18)	<u>5 551</u>	<u>5 551</u>
	<u>3 314 112</u>	<u>5 062 559</u>

Additionally, the following amounts of expenses related to right-of-use assets were recognized in 2022 and 2021:

	2022	2021
Expenses related to short-term leases (Note 8)	915 770	669 634
Financial expenses with lease liabilities (Note 12)	<u>72 133</u>	<u>99 047</u>
	<u>987 903</u>	<u>768 681</u>

As of 31 December 2022, the Group is committed to short-term leases in the amount of approximately 176.000 Euros (241.000 Euros in 2021).

11. OTHER OPERATING EXPENSES

In the years ended 31 December 2022 and 2021, the caption "Other operating expenses" is detailed as follows:

	2022	2021
Offer of own goods and services	1 206 966	609 865
Quotas	142 056	153 820
Other taxation and rates	97 860	118 705
Sundries expenses	63 829	83 080
Donations	76 095	53 115
Losses in inventories	2 010	20 898
write-off of tangible fixed assets	-	182
Other	<u>348 469</u>	<u>261 699</u>
	<u>1 937 285</u>	<u>1 301 364</u>

12. FINANCIAL EXPENSES AND FINANCIAL INCOME

The captions "Financial expenses and Financial income" for the years ended 31 December 2022 and 2021 are as follows:

Financial Costs	Dec - 2021	Dec - 2020
Interest borne:		
Financing from banks (a)	(204 630)	(250 165)
Finance and operating leasing (b)	(72 133)	(99 047)
	<u>(276 763)</u>	<u>(349 212)</u>
Financial Income	Dec - 2021	Dec - 2020
Interests from bank deposits	53 410	35 526
Exchange gains	20 495	4 123
Other	39 074	16 268
	<u>112 979</u>	<u>55 917</u>
Net financial costs	<u>(163 784)</u>	<u>(293 295)</u>

(a) During the years ended December 31, 2022 and 2021, 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, 2022 and 2021, the respective item includes financial expenses related to lease liabilities taking into account the application of IFRS 16 in 2019 (Note 3).

13. INCOME TAX OF THE YEAR

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 2021 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 2019 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2019 to 2022 could still be subject to revision.

The cost of taxation on income on 31st December 2022 and 2021 is broken down as follows:

	2022	2021
Pre-Tax Profit	42 947 340	19 252 395
Write-off of the Result of Companies exempt from IRC and subject to the Special Gaming Tax	(44 614 137)	(18 168 429)
Pre-Tax Profit of the Companies (REGTS)	(1 666 797)	1 083 966
Non-deductible costs		
Other non-deductible costs	39 186	88 450
	39 186	88 450
Other non-taxable income	(136 134)	(1 646 472)
	(136 134)	(1 646 472)
Result for tax purposes	(1 763 745)	(474 056)
Nominal tax rate	21%	21%
	(370 386)	(99 552)
Non-registered assets (a)	370 386	99 552
Autonomous taxation	78 808	106 013
Income tax of the year	78 808	106 013
Effective tax rate	0,2%	0,6%

(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

In accordance with the legislation approved by the 2023 State Budget, losses available on the date of entry into force of the respective budget are available for deduction without a reporting period and limited to the deduction of 65% of taxable income. To date, tax losses were deducted for a period of 5 years and their deduction limited to 70% of taxable income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2022 and 2021, the reportable tax losses were as follows:

Generated in	Limit of utilization (a)	2022	2021
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	2030	5 574 161	5 574 161
2021	2031	474 056	474 056
2022	2032	1 763 745	n.a.
		<u>14 161 967</u>	<u>12 398 222</u>

(a) As of 2023, tax losses no longer have a reporting deadline

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 2021 and 2020, the movement in tangible assets, as well as in the respective depreciation and accumulated impairment losses, was as follows:

Year 2022 - Tangible fixed assets revertible to the State					
	Buildings and other constructions	Basic equipment	Office equipment	Other tangible fixed assets	Total
Gross amount:					
Opening balance	135 409 301	108 197 413	2 829 758	60 674	246 497 146
Acquisitions	16 943	494 873	2 344	-	514 160
Write-off	(25 808)	(6 799 983)	(203 561)	-	(7 029 352)
Closing balance	<u>135 400 436</u>	<u>101 892 303</u>	<u>2 628 541</u>	<u>60 674</u>	<u>239 981 954</u>
Depreciation and accumulated impairment losses:					
Opening balance	132 437 328	105 429 684	2 817 531	60 674	240 745 217
Depreciation of the year (Note 10)	880 743	872 192	6 621	-	1 759 556
Write-off	(25 808)	(6 799 983)	(203 561)	-	(7 029 352)
Closing balance	<u>133 292 263</u>	<u>99 501 893</u>	<u>2 620 591</u>	<u>60 674</u>	<u>235 475 421</u>
Net amount	<u>2 108 173</u>	<u>2 390 410</u>	<u>7 950</u>	<u>-</u>	<u>4 506 534</u>

In the years ended 2022 and 2021, 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 2022 and 2021, the item "Basic Equipment" refers essentially to the gambling equipment used in casinos operated by the Group.

During the 2022 financial year, Casino da Póvoa proceeded with the acquisition of several gaming equipment in the amount of approximately 500.000 Euros, with a view to replacing obsolete and/or damaged equipment without the possibility of repair. These acquisitions were framed within the scope of the extension of the concession contract until December 2025

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During 2022, the last year of the concession, several write-offs were made of gaming and support equipment for the operations of Casinos do Estoril and Casino de Lisboa. These write-offs relate, essentially, to fully amortized equipment that was obsolete from a technological point of view.

Year 2021 - Tangible fixed assets revertible to the State					
	Buildings and other constructions	Basic equipment	Office equipment	Other tangible fixed assets	Total
Gross amount:					
Opening balance	135 841 141	110 649 098	2 830 499	60 674	249 381 412
Acquisitions	-	39 315	2 895	-	42 210
Adjustments / Transfers	-	-	(255)	-	(255)
Write-off	(431 840)	(2 491 000)	(3 381)	-	(2 926 221)
Closing balance	135 409 301	108 197 413	2 829 758	60 674	246 497 146
Depreciation and accumulated impairment losses:					
Opening balance	131 371 440	106 136 317	2 789 845	60 674	240 358 276
Depreciation of the year (Note 10)	1 497 713	1 784 367	30 931	-	3 313 011
Write-off	(431 825)	(2 491 000)	(3 245)	-	(2 926 070)
Closing balance	132 437 328	105 429 684	2 817 531	60 674	240 745 217
Net amount	2 971 974	2 767 729	12 228	-	5 751 930

The additions verified in 2021 and 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 the years 2021, 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.

Tangible fixed assets non-revertible to the State

During the years ended December 31, 2022 and 2021, movements in Tangible fixed assets not reversible as follows:

Year 2022 - 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	10 162 098	20 744	1 513 655	21 618	-	89 810 239
Acquisitions	-	-	32 462	-	2 200	-	57 010	91 672
Adjustments / Transfers	-	-	-	-	-	-	-	-
Write-off	-	-	(169 005)	-	(19 816)	-	-	(188 821)
Closing balance	16 513 836	61 578 288	10 025 555	20 744	1 496 039	21 618	57 010	89 713 090
Depreciation and accumulated impairment losses:								
Opening balance	-	31 065 333	8 650 371	20 744	1 425 136	20 685	-	41 182 269
Depreciation of the year (Note 10)	-	1 066 970	166 198	-	71 043	-	-	1 304 211
Write-off	-	-	(169 005)	-	(19 819)	-	-	(188 824)
Closing balance	-	32 132 303	8 647 564	20 744	1 476 360	20 685	-	42 297 656
Net amount	16 513 836	29 445 985	1 377 991	-	19 679	933	57 010	47 415 432

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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 2021 - 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	10 274 963	20 744	1 463 769	21 618	43 651	89 916 869
Acquisitions	-	-	70 406	-	19 383	-	-	89 789
Adjustments / Transfers	-	-	-	-	43 651	-	(43 651)	-
Write-off	-	-	(183 271)	-	(13 148)	-	-	(196 419)
Closing balance	16 513 836	61 578 288	10 162 098	20 744	1 513 655	21 618	-	89 810 239
Depreciation and accumulated impairment losses:								
Opening balance	-	29 931 067	8 616 980	20 744	1 412 920	20 685	-	40 002 396
Depreciation of the year (Note 10)	-	1 134 266	214 613	-	25 332	-	-	1 374 211
Write-off	-	-	(181 222)	-	(13 116)	-	-	(194 338)
Closing balance	-	31 065 333	8 650 371	20 744	1 425 136	20 685	-	41 182 269
Net amount	16 513 836	30 512 955	1 511 727	-	88 519	933	-	48 627 970

15. TAX DEDUCTIONS ON INVESTMENT

During the year ended on 31st December 2022 and 2021, the Company benefited from the following tax deductions on investments:

Tax deductions on investments	Dec - 2022			
	Opening Balance	Investment year	Income of the year (Note 10)	Closing Balance
Estoril Casino	-	-	-	-
Lisboa Casino	-	-	-	-
Póvoa de Varzim Casino	2 422 739	262 669	(717 085)	1 968 323
	2 422 739	262 669	(717 085)	1 968 323

Tax deductions on investments	Dec - 2021			
	Opening Balance	Investment year	Income of the year (Note 10)	Closing Balance
Estoril Casino	-	15 936	(15 936)	-
Lisboa Casino	-	12 338	(12 338)	-
Póvoa de Varzim Casino	3 764 731	7 568	(1 349 560)	2 422 739
	3 764 731	35 842	(1 377 834)	2 422 739

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.

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16. INTANGIBLE ASSETS

During the years ended on 31st December 2022 and 2021, the movement in intangible assets, as well as in the respective amortization and accumulated impairment losses, was as follows:

	Dec - 2022	Dec - 2021
	Gaming Concession Rights	Gaming Concession Rights
Gross amount		
Opening balance	260 644 564	260 636 564
Acquisitions	14 000	8 000
Disposals	(22 000)	-
Closing balance	260 636 564	260 644 564
Amortization and accumulated impairment losses:		
Opening balance	257 961 986	256 610 724
Disposals	(22 000)	-
Amortization of the year (Note 10)	677 869	1 351 262
Closing balance	258 617 855	257 961 986
Net assets	2 018 709	2 682 578

The breakdown of intangible assets on 31st December 2022 and 2021 is as follows:

	December - 2022		
	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	(75 030 034)	2 004 075
	260 610 564	(258 606 489)	2 004 075
Intangible assets - Online gaming license (a)	14 000	(1 733)	12 267
Intangible assets - Online sports betting (a)	12 000	(9 633)	2 367
	260 636 564	(258 617 855)	2 018 709

With reference to December 31st, 2022, 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, 2025 after renewal for an additional period of 3 years, and renewable for periods of three years;
- online sports betting license (license n°8) 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 ended December 31, 2022, the Group renewed by the second time the license to operate online casino, for an additional period of 3 years, for the amount of 14.000 Euros, valid until July 24, 2025, if it is not extended under the terms and conditions set out in the RJO.

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	December - 2021		Net Assets
	Gross Assets	Accumulated Amortization	
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	(74 362 076)	2 672 033
	<u>260 610 564</u>	<u>(257 938 531)</u>	<u>2 672 033</u>
Intangible assets - Online gaming license (a)	22 000	(17 822)	4 178
Intangible assets - Online sports betting (a)	12 000	(5 633)	6 367
	<u>260 644 564</u>	<u>(257 961 986)</u>	<u>2 682 578</u>

During the year ended 31st December 2021, the Gaming Commission of Turismo de Portugal, I.P., in a meeting held on 26 November 2021, resolved, under the Legal Regime for Online Gaming and Betting (RJO), approved by Decree-Law n.º 66/2015, of April 29, in its current wording, to endorse License nr.003, issued to Estoril Sol Digital on July 25th, 2016, renewable for periods of three years, the following types of casino games:

- Poker in tournament mode, including shared liquidity;
- Poker «Hold'em», including shared liquidity;
- Poker «Omaha», including shared liquidity;
- American Roulette;

The cost of recording each of the games described above was 2.000 Euros, amounting to a total cost of 8,000 Euros, corresponding to the year's acquisitions, according to the explanatory table in this same note to the financial statements.

Estoril Gaming Concession (Casino Estoril and Casino Lisboa)

During the year 2021, Decree-Law No. 103/2021 of 24 November 2021 and Order No. 80/2021 of 13 December provide for the possibility to extend the concession contracts for the gaming areas of Estoril and Póvoa. As a result of the two publications, amendments were formalized on the 2nd March 2022 to the concession contracts for both gaming zones, thus extending the concession contract for Estoril until December 31st, 2022 and Póvoa until December 31st, 2025.

In August 2022, the announcement of the international public tender regarding the Estoril Gaming Zone concession was published, which would be attributed to Estoril-Sol (III) - Turismo, Animação e Jogo S.A., a subsidiary company of Estoril Sol, SGPS, S.A.. On December 30, 2022, through Decree-Law No. 90-E/2022, the Government authorized, exceptionally, the extension of the Estoril game concession in force until the beginning of the new game concession, this extension not being able to exceed the maximum period of 6 months. On January 30, 2023, the Portuguese State and Estoril Sol (III) - Turismo, Animação e Jogo S.A. signed a concession contract for Estoril gaming zone. The new concession of the Estoril game zone began on the date the contract was signed and will end on the 31st (thirty-first) of December of the 15th (fifteenth) year after the beginning its exploitation, that is, December 31, 2037.

Póvoa de Varzim Gaming Zone

On December 31st, 2022 and 2021, as mentioned in Note 16, the Company carried out a new assessment of the estimated recovery value of the assets assigned to Varzim - Sol.

The aforementioned assessment did not give rise, on December 31st, 2022 and 2021, to the recording of any impairment loss.

For this purpose, based on the characteristics and nature of the activity carried out, the discounted cash flow method was used, based on the financial cash flow projections until the end of the concession period. The projections were discounted, on December 31, 2022 and 2021, with a WACC rate of 7.1%, having considered, in the projections for the year ended December 31st, 2022, a progressive recovery of revenues to pre-pandemic levels until the end of the concession contract.

The Board of Directors estimates that a positive or negative variation of 0.5% in the discount rate would give rise to relevant impacts on the impairment analysis carried out in 2022, which is sensitive, among others, to the amount gaming revenues achieved until the end of the concession, namely with regard to possible effects that may impact the Group's revenue and any change in the rules for applying the annual tax consideration. In this way, any deviations in the considered revenue growth rates would give rise to deviations of a similar amount in the impairment losses recorded.

17. RIGHT-OF-USE ASSETS

During the years ended on 31st December, 2022 and 2021, the movement in "Right-of-use assets", as well as in the respective depreciation and accumulated impairment losses, was the following:

	2022		
	Buildings and other constructions	Transport Equipment	Total
Gross amount:			
Opening balance on 1 de january 2022	229 134	1 241 329	1 470 463
New contracts	<u>220 125</u>	<u>243 930</u>	464 055
Closing balance 31st december 2022	<u>449 259</u>	<u>1 485 259</u>	1 934 518
Depreciation and accumulated impairment losses:			
Opening balance on 1 de january 2022	218 075	906 888	1 124 963
Depreciation of the year (Note 10)	<u>74 533</u>	<u>209 477</u>	284 010
Closing balance 31st december 2022	<u>292 608</u>	<u>1 116 364</u>	1 408 973
Net amount	<u>156 651</u>	<u>368 895</u>	525 546

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2021			
	Buildings and other constructions	Transport Equipment	Total
Gross amount:			
Opening balance on 1 de january 2021	229 134	1 041 438	1 270 572
New contracts	-	199 891	199 891
Closing balance 31st december 2021	<u>229 134</u>	<u>1 241 329</u>	<u>1 470 463</u>
Depreciation and accumulated impairment losses:			
Opening balance on 1 de january 2021	146 146	582 459	728 605
Depreciation of the year (Note 10)	71 929	324 429	396 358
Closing balance 31st december 2021	<u>218 075</u>	<u>906 888</u>	<u>1 124 963</u>
Net amount	<u>11 059</u>	<u>334 441</u>	<u>345 500</u>

The item “Buildings and other constructions” refers to the lease agreement for the Estoril Sol Digital facilities, in Oeiras, ending in 2024, renewable for additional periods of 3 years 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 2022 and on 31 December 2021, the movement in investment properties, as well as in the respective depreciation and accumulated impairment losses, was the following

	Dec - 2022	Dec - 2021
Gross amount:		
Opening balance	282 509	282 509
Clising balance	<u>282 509</u>	<u>282 509</u>
Depreciation and impairment losses:		
Opening balance	111 470	105 919
Depreciation of the year (Note 10)	5 551	5 551
Closing balance	<u>117 021</u>	<u>111 470</u>
Net value	<u>165 488</u>	<u>171 039</u>

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, 2022 and 2021, the investment properties' book value does not differ significantly from its market value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. CURRENT TAX ASSETS AND LIABILITIES

The items “Current tax assets” and “Current tax liabilities” at 31 December 2022 and 2021 were made up as follows:

	Dec- 2022	Dec - 2021
Current assets:		
Payment on Account (IRC)	23 186	-
	<u>23 186</u>	<u>-</u>
Current Liabilities:		
Corporate Income Tax (IRC)	78 808	106 013
	<u>78 808</u>	<u>106 013</u>

20. INVENTORIES

On 31st December 2022 and 2021, this caption was broken down as follows:

	Dec - 2022			Dec - 2021		
	Gross Amount	Impairment Losses	Net Amount	Gross Amount	Impairment Losses	Net Amount
Goods	6 033 630	(2 737 410)	3 296 220	6 033 630	(2 737 410)	3 296 220
Finished and intermediate products	3 333 132	-	3 333 132	3 333 132	-	3 333 132
Raw materials, secondary materials and consumables	285 096	-	285 096	276 010	-	276 010
	<u>9 651 858</u>	<u>(2 737 410)</u>	<u>6 914 448</u>	<u>9 642 772</u>	<u>(2 737 410)</u>	<u>6 905 362</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. CUSTOMERS

At 31 December 2021 and 2020, the caption "Clients and other accounts receivable" had the following composition:

	Dec - 2022	Dec - 2021
Customers current account	441 769	432 790
Impairment	-	-
	<u>441 769</u>	<u>432 790</u>
Customers doubtful debts	1 903 981	1 945 356
Impairment	(1 903 981)	(1 945 356)
	<u>-</u>	<u>-</u>
	<u>441 769</u>	<u>432 790</u>

Customers account customers' debts are related with the activities of entertainment and restaurants. These are subject to evaluation by the credit control debts are subject to impairment losses according to the expected credit losses model. On 31 December 2022 and 2021 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 can 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, 2022 and 2021 amount to Euro 150.5122 (reinforcement) and to Euro 28.002 (reversal), respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. OTHER CURRENT ASSETS

At 31 December 2022 and 2021, the caption “Other current assets” had the following composition:

	Gross amount Dec - 2022	Accumulated impairment losses	Net amount Dec - 2022	Gross amount Dec - 2021	Accumulated impairment losses	Net amount Dec - 2021
State and Public Sector						
Annual gaming consideration - Póvoa - 2021 (a)	698 006	(698 006)	-	698 006	(698 006)	-
VAT - in favour of the company	269 993	-	269 993	249 085	-	249 085
Advance payments to suppliers	11 396	-	11 396	11 973	-	11 973
Accounts receivable from related parties (Note 34)	174 172	-	174 172	192 618	-	192 618
Deferrals:						
Insurance	478 254	-	478 254	147 952	-	147 952
Fees with maintenance, technical assistance and licences	190 878	-	190 878	309 362	-	309 362
Other deferrals	117 640	-	117 640	312 368	-	312 368
Commercial areas renters	233 690	-	233 690	169 262	-	169 262
Withholding and guarantee deposits	20 000	-	20 000	20 000	-	20 000
Other accounts receivable	108 598	-	108 598	282 531	-	282 531
	<u>2 302 627</u>	<u>(698 006)</u>	<u>1 604 621</u>	<u>2 393 157</u>	<u>-</u>	<u>1 695 151</u>

- (a) (b) Varzim-Sol claims a credit in the amount of 698.006 Euros, related to payments made by the entity during the 2021 financial year to the National Institute of Tourist Training on account of the amounts payable as an annual contribution for the year 2021, meanwhile, regularized with the signature of the amendment to the concession contract for the Póvoa gaming zone, in accordance with the provisions contained in Decree-Law No. 103/2021 of 24 November and Order No.80/2021 from the Minister of State, Economy and Digital Transition. In the year ended December 31, 2021, as a result of the Group's expectation that the aforementioned credit would not be returned by the supervisory authority, the Group recognized an impairment loss relating to that same amount, without prejudice to continuing to promote the recognition and compensation of this credit by the supervisor authority (Turismo de Portugal).

23. CASH AND CASH EQUIVALENTS

At 31 December 2022 and 2021 this caption had the following composition:

	Dec- 2022	Dec - 2021
Cash	7 314 429	7 810 517
Bank Deposits:		
- Immediately available bank deposits	97 462 706	47 877 367
- Long term deposits (a)	8 000 000	13 000 000
Cash and bank deposits	<u>112 777 135</u>	<u>68 687 884</u>
Bank overdrafts (Nota 26)	<u>(64 515)</u>	-
Cash and cash equivalents	<u>112 712 620</u>	<u>68 687 884</u>

- (a) – Relating to bank deposits that may be immediately mobilized with risk of loss of interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

In the years ended 31 December 2022 and 2021, the Group recorded the following non-monetary investment and financing transactions in the consolidated statement of cash flows:

- The Group acquired assets through lease agreements, as disclosed in Notes 17 and 26, in the amount of approximately 464.000 Euros (200.000 Euros in 2021);
- The Group acquired fixed assets which had not yet been liquidated at the date of the financial position, as disclosed in Note 28, in the amount of 567.000 Euros (32.000 Euros in 2021).

24. CAPITAL

Estoril-Sol, S.G.P.S., S.A., an issuer of securities ("shares") admitted to trading on a regulated market, as at December 31st, 2022 and 2021, has a share capital of € 59.968.420 (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" (Note 19).

Legal persons with a stake of over 20% in the share capital on 31 December of 2022 and 2021:

- Finansol, Sociedade de Controlo, S.G.P.S, S.A., with 57.79% (a)
- Sociedade Figueira Praia, S.A., with 32.67%

(a) This entity is controlled by the Macau Tourism and Entertainment Society (STDM, headquartered in Macau);

(b) Amorim Entertainment and Gaming International, SGPS, S.A. communicated on April 29, 2022 the transfer of shares hold representing the share capital of Estoril Sol to its subsidiary Sociedade Figueira Praia, S.A..

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 2022 and 2021 the amount recorded at "Share issue premiums" amounted to 960.009 Euros.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 May 31, 2022 and June 28, 2021, the results for the years ended December 31, 2021 and 220 were applied as follows:

	2022	2021
Legal reserve	558 111	-
Other reserves and retained earnings	2 676 566	(20 328 108)
Other variations in equity	7 927 546	-
	<u>11 162 223</u>	<u>(20 328 108)</u>

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25. NON-CONTROLLING INTERESTS

On 31th December 2022 and 31st December 2021, this caption was broken down as follows:

	Dec - 2022				Dec - 2021			
	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.	6 079 066	10 019 647	(3 000 000)	13 098 713	7 794 907	7 984 159	(9 700 000)	6 079 066

26. LEASE LIABILITIES AND BANK LIABILITIES

As of December 31, 2022 and 2021, the Group's liabilities with financing obtained were as follows:

Nature of the financing	Dec - 2022		Dec - 2021	
	Nominal Value	Nominal Value	Balance sheet Value	
Current financing:				
- Current accounts	-	-	8 884 000	8 884 000
- Bank overdrafts (Note 23)	(64 515)	64 515	-	-
	<u>(64 515)</u>	<u>64 515</u>	<u>8 884 000</u>	<u>8 884 000</u>

The average interest rate on financing including commissions and other charges in the years 2022 and 2021, were 5,62% and 4,25%, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31st, 2022 and 2021, the maturity of amortizations falling due for lease contracts expires as follows:

	2022	2021
2022	n.a.	241 497
2023	176 086	120 686
2024	176 234	13 372
2025 and following	176 292	-
	528 612	375 554

Reconciliation of liabilities resulting from financing activities:

Below are the changes in the Group's liabilities resulting from financing activities, both cash and non-cash. 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	2022				Closing Balance
	Opening Balance	Cash Flows (i)	New leasing contracts (Note 17)	Others (ii)	
Lease liabilities	375 555	(319 591)	464 055	8 593	528 612
	375 555	(319 591)	464 055	8 593	528 612
Current financing:					
- Current accounts	8 884 000	(8 884 000)	-	-	-
- Bank overdrafts (Note 23)	-	64 515	-	-	64 515
	8 884 000	(8 819 485)	-	-	64 515
	9 259 555	(9 139 076)	464 055	8 593	593 127

Reconciliation of liabilities arising from financing activities					
Nature of the financing	2021				Closing Balance
	Opening Balance	Cash Flows (i)	New leasing contracts (Note 17)	Others (ii)	
Lease liabilities	564 782	(405 455)	199 891	16 337	375 555
	564 782	(405 455)	199 891	16 337	375 555
Current financing:					
- Current accounts	6 565 702	2 325 900	-	(7 602)	8 884 000
- Bank overdrafts (Note 23)	-	-	-	-	-
	6 565 702	2 325 900	-	(7 602)	8 884 000
	7 130 484	1 920 445	199 891	8 735	9 259 555

(i) The cash flows resulting from the lease liabilities make up the payment amounts related to the Amortization 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 creditors per lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. PROVISIONS

The movement in the provisions accounts in the years ended on 31st December 2022 and 2021 is as follows:

	Movement from January to December 2022				Balance Dec - 2022
	Balance Dec - 2021	Increases	Reversals	Utilizations	
Provisions for pensions	1 774 779	13 000	(242 000)	(136 374)	1 409 405
Legal proceedings in hand	1 030 097	7 800 000	(62 485)	(122 512)	8 645 100
Other risks and charges	69 866	-	-	-	69 866
	1 099 963	7 800 000	(62 485)	(122 512)	8 714 966
	2 874 742	7 813 000	(304 485)	(258 886)	10 124 371

There are differences of understanding between the Group and the Tax Administration, with regard to taxation in terms of Corporate Income Tax (IRC), relating to the years 2007, 2008, 2009 and 2010, within the scope of taxation of non-recurring expenses, non-documented expenses incurred in the course of the gaming activity by the subsidiaries that are part of the Group and whose main activity is the exploration of games of chance or fortune in the amount of approximately 5.629.000 Euros. With regard to the judicial proceeding for the year of 2010, during 2021, a decision was issued by the Administrative and Tax Court of Sintra, which upheld the legal objection filed by Estoril Sol, determining, as a result, (i) the annulment of the impugned IRC settlement act in the global amount of 819.808 Euros, and (ii) the conviction of the Tax Authority to pay Estoril Sol the amount of 120.325 Euros as compensation for the provision of guarantee. The Tax Authority appealed to the Central Courts, with counter-claims filed by Estoril Sol.

In 2022 and with reference to the judicial process referring to the years 2007, 2008, 2009, a decision was issued by the Central Administrative Court of the South in order to confirm the 2013 decision of the Administrative and Fiscal Court of Sintra, which ruled that the request for judicial challenge was unfounded of the additional IRC settlement acts relating to those years presented by Estoril Sol. As it was not satisfied with the decision, an appeal for revision was filed with the Supreme Administrative Court. In September 2022, the Supreme Administrative Court issued a judgment in the sense of not admitting the review appeal. There is no appeal against this decision, thus consolidating the decision rendered in the legal system.

In light of the above, Estoril Sol (III) – Turismo, Animação e Jogo S.A. constituted in 2022 a provision in the amount of 7.800.000 Euros with reference to the outstanding tax plus interest and charges relating to the years 2007, 2008, 2009 and 2010.

	Movement from January to December 2021				Balance Dec - 2021
	Balance Dec - 2020	Increases	Reversals	Utilizations	
Provisions for pensions	3 401 151	21 000	(1 552 996)	(94 376)	1 774 779
Legal proceedings in hand	4 711 661	79 528	(1 932 685)	(1 828 407)	1 030 097
Other risks and charges	69 866	-	-	-	69 866
	4 781 527	79 528	(1 932 685)	(1 828 407)	1 099 963
	8 182 678	100 528	(3 485 681)	(1 922 783)	2 874 742

During 2021, reversals were made, in the amount of approximately 1.250.000 Euros, related to the estimate to cover legal costs in the scope of the proceedings to challenge game taxes, month and annual charged game taxes, and operating costs of Portuguese Regulator Inspection Service (SRIJ), brought against the Portuguese State.

As mentioned in Note 2.1, the Group formalized with the Portuguese State the arbitration agreement relating to the lawsuits in the Administrative and Tax Courts, in which the gaming concessionaires brought an action against the State in order to restore the economic and financial balance of the game concessions, and in which the parties also agreed to withdraw from all claims and actions proposed against the State and/or Turismo de Portugal, also agreeing reciprocally not to claim any legal costs borne by the party resulting from the withdrawal of the lawsuits.

On March 24, 2021, the Supreme Court of Justice delivered a judgment that forced the casino to Póvoa to readmit all the employees who maintained the collective dismissal process and to compensate them for moral damages, including the four employees that the Court of the Relação de Guimarães had previously acquitted the Group. This decision of the Supreme Court of Justice resulted in a reversal of 600.000 Euros of the accrued charges initially foreseen by the Group as liabilities recognized in the financial statements in relation to the value of the final liabilities determined at the end of the process. Also in relation to this process, provisions in the approximate amount of 1.800.000 Euros were used.

The other reinforcements, reversals and uses of provisions essentially refer to the indemnification processes of interdicted customers.

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, 2022 and 2021, the Company obtained actuarial studies prepared by a specialized and accredited independent entity. The present value of the above-mentioned liabilities was estimated at 1.451.404 Euros and 1.774.779 Euros, respectively.

At December 31, 2022 and 2021, 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:

	2022	2021
Discount rate	3,05%	0,75%
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	n.a	n.a.

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In the years ended December 31st, 2022 and 2021, the movement in the value of the liabilities was as follows:

	Dec - 2022	Dec - 2021
Present value of the defined benefit obligation at beginning of the year:	1 774 779	3 401 151
Benefits paid	(136 374)	(94 375)
Post-employment benefits (Note 5)	13 000	21 000
Actuarial gains and losses	(242 000)	(376 000)
Curtailment	-	(1 176 997)
Present value of the defined benefit obligation at the end of the year:	1 409 405	2 951 779

The impacts of the actuarial update verified in the year ended December 31st, 2022 result from the changes in assumptions considered, namely, the change in the discount rate used from 0,75% in 2021 to 3,05% in 2022.

At 31 December 2022, 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 41.000 Euros (57.000 Euros in 2021).

Provisions for other risks and charges

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, 2022 correspond, essentially, to liabilities arising from the following processes:

- Clients forbidden, 624.000 Euros;
- Jackpot, 200.000 Euros.

- On 31 December 2022 and 2021, 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, 2021 and 2022, liabilities estimated at 624.000 Euros in both years.

- 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 demand 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 favorable 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2022 and 2021 were as follows:

	Dec - 2022	Dec - 2021
Other accounts payable - current		
Current suppliers	8 112 205	6 784 098
Suppliers of investments	567 138	31 628
State and Public Sector		
Special Gaming Tax	6 320 365	6 077 179
Social Security contribuitons	778 247	974 374
Other in favour of the State	970 394	843 756
Clients advance payments (a)	2 440 896	2 135 038
Charges with holidays payable	4 301 055	4 225 064
Responsabilities for accumulated gaming premiums (b)	2 346 040	2 261 629
Other	3 379 203	2 979 781
	29 215 543	26 312 547

a) Customer advance payments respect to the online business, and correspond to the balance available for play or withdrawal on December 31st, 2022;

b) 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, 2022 and 2021, "Current Suppliers" includes accounts payable to related entities, ICE Elite Ltd and GAMING ONE Limited, in the total amount of 1.377.319 Euros and 963.945 Euros, respectively (Note 34).

29. CONTINGENT LIABILITIES AND ASSETS, GUARANTEES AND COMMITMENTS

Contingent assets

On March 2nd, 2022, the arbitration agreement concerning legal actions in the Administrative and Tax Courts was formalized, in which gaming concessionaires brought an action against the State in order to restore the economic and financial balance of concessions contracts. The parties agreed that, for the period of the concession contracts after December 31st, 2019 and with reference to the consequences and impacts arising from the pandemic caused by the Covid-19 disease, the aforementioned facts do not, in any way, include the issues to be addressed by the arbitral tribunal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Guarantees provided

On 31st December 2022 and 2021 the guarantees provided by the Group were as follows:

	Dec - 2022	Dec - 2021
Obligations related with financial counterparts of Territorial Gaming Concessions and Online Gaming Licenses	31 326 416	9 234 703
Tax lawsuits in hand / litigation	7 233 741	8 902 368
Current suppliers	39 250	39 250
	<u>38 599 407</u>	<u>18 176 321</u>

30. FINANCIAL INSTRUMENTS

At 31st December 2022 and 2021 the main financial assets and liabilities, recorded at amortized cost, were as follows:

	2022	2021
Financial assets:		
Receivables	1 259 618	1 358 259
Cash and cash equivalents (Note 23)	<u>112 777 135</u>	<u>68 687 884</u>
	<u>114 036 753</u>	<u>70 046 143</u>
Financial liabilities:		
Payables	29 215 543	26 312 547
Lease and Bank liabilities (Note 26)	<u>593 127</u>	<u>9 259 555</u>
	<u>29 808 670</u>	<u>35 572 102</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 and consistent 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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2022 and 2021 mature as follows:

Financial liabilities	2022			Total
	Up to 1 year	1 to 2 years	+ 2 years	
<u>Remunerated:</u>				
Lease and Bank liabilities	240 601	176 234	176 292	593 127
<u>Not Remunerated:</u>				
Trade and other payables	29 215 543	-	-	29 215 543
	<u>29 456 144</u>	<u>176 234</u>	<u>176 292</u>	<u>29 808 670</u>
Financial liabilities	2021			Total
	Up to 1 year	1 to 2 years	+ 2 years	
<u>Remunerated:</u>				
Lease and Bank liabilities	9 125 497	120 686	13 372	9 259 555
<u>Not Remunerated:</u>				
Trade and other payables	26 312 547	-	-	26 312 547
	<u>35 438 044</u>	<u>120 686</u>	<u>13 372</u>	<u>35 572 102</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 2022 and 2021, the financial costs of those years would have increased by approximately 49.000 Euros and 82.000 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

In August 2022, the announcement of the international public tender regarding the Estoril Gaming Zone concession was published, which would be attributed to Estoril-Sol (III) - Turismo, Animação e Jogo S.A., a subsidiary company of Estoril Sol, SGPS, S.A.. On December 30, 2022, through Decree-Law No. 90-E/2022, the Government authorized, exceptionally, the extension of the Estoril game concession in force until the beginning of the new game concession, this extension not being able to exceed the maximum period of 6 months. On January 30, 2023, the Portuguese State and Estoril Sol (III) - Turismo, Animação e Jogo S.A. signed a concession contract for Estoril gaming zone. The new concession of the Estoril game zone began on the date the contract was signed and will end on the 31st (thirty-first) of December of the 15th (fifteenth) year after the beginning its exploitation, that is, December 31, 2037.

Initially, an injunction was filed within the Administrative Court of Lisboa, invoking the pre-contractual regime which resulted in the immediate suspension of the subsequent terms of the public tender. This action was judged imprudent. In this regard, there is still a legal action pending in the Administrative Court of Lisbon brought by the other contender in order to cancel the jury's decision to exclude their submitted proposal, claiming the following: the admission of the proposal submitted as there is no valid reason for exclusion and order it in first place with consequent award of the concession contract. This lawsuit does not have suspensive effects on the current concession contract in execution signed between the Portuguese State and Estoril Sol (III) - Turismo, Animação e Jogo S.A. Additionally, an injunction was also filed within the Administrative Court of Lisboa, regarding the contract formation procedure requesting that the suspension of the execution of the Estoril concession contract to be decreed. The Board of Directors is convinced of its position, understanding that the arguments presented by the Group are solid and will guarantee the maintenance of the decision to attribution the concession of the Estoril Gaming Zone to Estoril Sol, with none of the events mentioned above preventing Estoril Sol from proceed with its plans for the new concession.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. CONSOLIDATED RESULTS PER SHARE

The consolidated result per basic and diluted share of the years ended on 31st December 2022 and on 31 December 2021 was determined as follows:

	Dec - 2022	Dec - 2021
<u>Results:</u>		
Net profit of the Equity holders of the Parent Company	32 848 885	11 162 223
<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	2,75	0,94

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 2022 and 2021 amounted to 1.968.000 Euros and 1.929.895 Euros, respectively (note 9).

34. RELATED PARTIES

The balances as of December 31, 2022 and 2021 and the transactions carried out with related companies, excluded from consolidation, in the years then ended, are as follows:

Related party	2022		2021	
	Other current assets (Note 22)	Other current liabilities (Note 28)	Other current assets (Note 22)	Other current liabilities (Note 28)
- Finansol - Sociedade de Controlo, SGPS, S.A.	171 251	-	171 251	-
- Vision Gaming Holding Limited	-	-	-	-
- ICE Elite Limited	2 921	822 012	21 367	652 620
- Gaming One Limited	-	555 307	-	311 325
	<u>174 172</u>	<u>1 377 319</u>	<u>192 618</u>	<u>963 945</u>

As of December 31, 2022 and 2021, 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Related Parties	External supplies and service (Note 8)	
	2022	2021
- ICE Elite Limited (a)	4 171 696	3 226 053
- Gaming One Limited (a)	2 429 188	2 040 964
	<u>6 600 884</u>	<u>5 267 016</u>

35. STATUTORY AUDITOR'S FEES

The statutory auditor's fees in 2022 and 2021 were 160.500 Euros and 131.900 Euros, respectively, 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.

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, 2022 (showing a total of Euro 135,842,236 and Euro 174,550,840, respectively and total equity attributable to the shareholders of the parent company of Euro 121,440,278, including a net profit of Euro 32,848,885), 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, 2022 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 27 and 31 to the separate and consolidated financial statements, respectively, following the international public tender, published in August 2022, the exclusive exploration of Estoril gambling zone was attributed to the subsidiary Estoril-Sol (III) - Turismo, Animação e Jogo, S.A. (“Estoril-Sol III”) for fifteen years. The Portuguese State and Estoril-Sol III signed the concession contract for the exclusive exploration of that gambling zone, which expires on December 31, 2037, as of January 30, 2023. The referred public tender Jury’s decision, which involved the exclusion of a competing proposal, was challenged in court by the other entity that entered the public tender, being in progress, as of this date, legal actions that pretend, essentially, the annulment of that decision and the suspension of the execution of the referred concession contract, which did not have immediate suspensive effects, being the management convinced that the adjudication of the referred concession to Estoril-Sol III is going to be held. Our opinion is not modified with respect to this matter.

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>Gambling revenue recognition</p> <p>On December 31, 2022, the Group's recognized physical slot machine and table gambling revenue amounts to, approximately 148,010,000 Euros (Note 6 of the consolidated financial statements), which results from the daily calculation made in each casino of a significant volume of transactions.</p> <p>Additionally, the Group's recognized online gambling and sports betting revenue amounting to, approximately, Euro 68,949,000 (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 Gambling 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 gambling revenue recognition policy by reference to the applicable accounting standards; ▪ Obtaining an understanding of the process of calculating the gambling revenue and its relevant controls; ▪ Tests on implemented controls considered relevant related to the recognition of gambling revenue; ▪ Assessment of the proper integration of the online gambling and sports betting revenue; ▪ Substantive analytical review tests based on the gambling tax/ annual consideration calculated by the Gambling Regulation and Inspection Service; ▪ Analysis of the daily evolution of gambling 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, 2022; ▪ Verification of the annual process of physical inventory of fixed cash funds. ▪ Analysis of the adequacy of disclosures made in Notes 2.14 and 6 of the consolidated financial statements.
<p>Litigation processes</p> <p>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.</p> <p>As mentioned in Note 27 of the consolidated financial statements, on December 31, 2022, the Entity recognized provisions to meet estimated liabilities with existing litigation in the referred financial statements in the amount of, approximately, Euro 8,673,000.</p> <p>In view of 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.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> ▪ Evaluation of the adopted policy and methodology for recognition of provisions and contingent liabilities disclosure with litigation and, 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

European Single Electronic Format (ESEF)

The Group’s separate and consolidated financial statements as of 31 December 2022 must comply with the requirements established in the Delegated Regulation (UE) 2019/815 of the Commission, of 17 December 2018 (“ESEF Regulation”). Management is responsible for the preparation and disclosure of the annual report in conformity with the ESEF Regulation.

Our responsibility consists in obtaining reasonable assurance whether the separate and consolidated financial statements, included in the annual report, are presented in conformity with the requirements established in the ESEF Regulation. Our procedures considered the Guia de Aplicação Técnica da Ordem dos Revisores Oficiais de Contas (OROC) on the Reporting under ESEF and included, among others:

- obtaining an understanding of the financial Reporting process, including the presentation of the annual report in the valid XHTML format, and

- identification and evaluation of the risks of material misstatement associated to the tagging of the information of the consolidated financial statements in XBRL format, using the iXBRL technology. This assessment was based on the understanding of the process implemented by the Entity to tag the information.

In our opinion, the consolidated the financial statements included in the annual report are presented, in all material aspects, in conformity with the requirements established in the ESEF Regulation.

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 29.º-H 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 l) 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

In compliance with article 26.º - G, number 6, of the Portuguese Securities Code ("Código dos Valores Mobiliários"), we inform that the Entity included in an autonomous chapter, in its corporate governance report, the information predicted in the number 2 of the referred article.

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 mandate from 2017 to 2020. We were appointed at the general shareholders' meeting held on June 28, 2021 for a second term between 2021 and 2024.
- 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 28, 2023.
- We declare that we have not provided any prohibited services as described in the article 5, number 1, of the European Union Regulation No 537/2014 and we have remained independent from the Entity and the Group in conducting the audit.

Lisbon, April 28, 2023

Deloitte & Associados, SROC S.A.
Represented by Pedro Miguel Argente de Freitas e Matos Gomes, ROC
Registration in OROC n.º 1172
Registration in CMVM n.º 20160784

REPORT AND OPINION OF THE STATUTORY AUDIT BOARD
(FREE 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 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 December 31st, 2022, which are the responsibility of the Board of Directors.

I. Report

I.1. Monitoring the activity

During the year 2022 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 **Estoril-Sol Group**, 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.

Within the scope of our functions:

- (i) We examined the financial statements, separate and consolidated, that comprise the financial position as of December 31st, 2022, 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 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 therein.

Considering 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 2022 financial year

The main relevant facts occurred during 2022 do relate with the concession contracts of the Estoril and Póvoa do Varzim Gaming Zones, which had two relevant moments:

(i) Prorogation of the concessions

Initially, it has to be considered the prorogation of both concessions, having been formalized on March 2nd, 2022, the addends to the concession contracts of the Estoril Gaming Zone until December 31st, 2022 and Póvoa do Varzim until December 31st, 2025. This prorogation follows the legislation published still during 2021 (Decree-Law no. 103/2021 as of 24 November and Order (Despacho) no. 80/2021 as of 13 December from the Minister of State, Economy and Digital Transition), under the Covid-19 pandemic that caused significant constraints on the activity as commonly known and mentioned in previous years reports.

On the same day, were also formalised the dismissal of legal actions that were ongoing in the Administrative and Fiscal Courts, considering the establishment of an arbitration agreement to discuss all existing disagreements.

(ii) Assignment of the new concession of the Estoril Gaming Zone to Estoril-Sol (III)

Subsequently and following an international public tender published in August 2022 to assign the concession of the Estoril Gaming Zone for 15 years, it was decided to adjudicate it to Estoril-Sol (III) - Turismo, Animação e Jogo, S.A., a subsidiary of the **SGPS**.

However, on December 30th, 2022, and considering that at the time the conditions were not yet met to sign the contract, the Portuguese Government authorized, exceptionally, to prorogate for a maximum period of six months, through the Decree-Law n° 90-E/2022, the concession of the Estoril Gaming Zone that was still valid until the date of the start of the new concession.

Finally, on January 30th, 2023, it was signed among the Portuguese State and Estoril-Sol III, the new concession contract for exploring exclusively the concession zone of Estoril from the date of the contract signature until December 31st, 2037.

As mentioned in the Annual Management Report, the decision of the jury of the tender that implied the exclusion of another proposal has been contested through injunctions, the last one pretending the immediate suspension of the subsequent terms of the public tender and through a legal action aiming to annul the decision of the jury, mainly complaining about the exclusion of its proposal. However, this legal action does not produce suspensive effects over the contract that assigns the concession to Estoril-Sol III, being relevant to mention that the Board of Directors is convinced of its position, understanding that the arguments presented by the Group are solid and will guarantee the maintenance of the decision to award the concession of the Estoril Gaming Zone to Estoril Sol, with none of the events mentioned above preventing Estoril Sol from proceed with its plans for the new concession.

I.3. About the activity

The financial year 2022 presents a total consolidated net profit of Eur. 42,9 million, being a net profit allocated to the shareholders of the parent company of Eur. 32,8 million. Due to its relevance, we highlight the following:

- The **Estoril-Sol Group** recorded during 2022 combined gross gaming revenues, territorial and online, in the total amount of Eur. 208,9 million. If we remove the Special Gaming Tax, totalling Eur. 74,7 million, the Group's total gaming revenue reached Eur. 134,2 million.
- The **Estoril-Sol Group**'s gross revenues from physical gaming activity in Portugal totalled Eur. 147,6 million, reflecting a significant recovery from the effects from the Covid-19 pandemic, although still far from 2019 revenues.
- It is noted that the **Estoril-Sol Group**'s market share of physical gaming increased when compared to the previous financial year – 58,9% in 2022 against 55,5% in 2021.
- During 2022, the **Estoril-Sol Group** recorded gross revenues from online gambling, in the global amount of Eur. 68,9 million, of which Eur. 51,7 million related to casino and Eur. 17,2 million from sporting bets.
- Regarding online gambling activity, the strong growth in gaming in Portugal should be noted; ES Digital holds a share of 14,9% in the casino games and 5,9% in sporting bets.
- Regarding bank debt, the **Estoril-Sol Group** closed without debt (2021 - Eur. 8,9 million);

I.4. Collaboration received from the external auditors

In compliance with n° 1 of article 452 of the Portuguese Commercial Companies' Code, we held regular meetings with the external auditors Deloitte & Associados, SROC, S.A. (“Deloitte”) who, in the fulfillment of their functions, had audited these financial statements, separate and consolidated, of the year 2022, issuing their Statutory Auditor’s Report and Auditor’s Report on April 28th, 2023, without qualifications but with one emphasis of a matter where is stated that the opinion is unqualified and relates with the new contract of the concession zone of Estoril:

“As mentioned in Notes 27 and 31 to the separate and consolidated financial statements, respectively, following the international public tender, published in August 2022, the exclusive exploration of Estoril gambling zone was attributed to the subsidiary Estoril-Sol (III) - Turismo, Animação e Jogo, S.A. (“Estoril-Sol III”) for fifteen years. The Portuguese State and Estoril-Sol III signed the concession contract for the exclusive exploration of that gambling zone, which expires on December 31, 2037, as of January 30, 2023. The referred public tender Jury’s decision, which involved the exclusion of a competing proposal, was challenged in court by the other entity that entered the public tender, being in progress, as of this date, legal actions that pretend, essentially, the annulment of that decision and the suspension of the execution of the referred concession contract, which did not have immediate suspensive effects, being the management convinced that the adjudication of the referred concession to Estoril-Sol III is going to be held. Our opinion is not modified with respect to this matter.”

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 2022, as well the audit conclusions and some internal control recommendations.

Furthermore, this Statutory Audit Board notes that, in the opinion of Deloitte, the separate and consolidated financial statements of the **SGPS** for the year 2022 are presented, in all material respects, in accordance with the applicable requirements set out in Commission Delegated Regulation (EU) 2019/815 as of December 17th, 2018 (“ESEF Regulation”).

This Statutory Audit Board also obtained from Deloitte the communication of the independence requirements declared to the **Group Estoril-Sol** and the communication that no forbidden services were provided as requested by number 2 of the article 78 of the Statutes of the Statutory Auditors (Ordem dos Revisores Oficiais de Contas), complemented by Law 99-A/2021 of December 31st and n° 1 of the article 5 of EU Regulation No. 537/2014.

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

Further, within the framework of its duties, this Statutory Audit Board given particular attention during 2022 to the following matters:

- 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.
- Through regular meeting with representatives of the Board of Directors and the services of the **Group Estoril-Sol**, this Statutory Audit Board accompanied the Risk Management mentioned in Chapter 11 of the Management Report which covers the business, contractual, physical, cybernetic and financial risks.
- During the year, this Statutory Audit Board monitored the whole process of receiving and dealing with irregularities through the "Whistleblowing Channel", available on the Holding's website and accessible to all shareholders, employees and other interested parties.
- The preparation of the Corporate Governance Report, prepared in accordance with the n° 5 of the art° 420 of the Commercial Companies Code and contains both the requirements of article 29-H of the Code of Mobile Values and the the information on remunerations required by n° 2 of the article 26-G of the Code of Mobile Values.
- The inclusion in the Corporate Governance Report of the consolidated non-financial information provided for in Article 508-G of the Commercial Companies Code.
- The need for separate and consolidated financial statements of the **SGPS** for the year 2022 to comply with the applicable requirements set out in Commission Delegated Regulation (EU) 2019/815 as of December 17th, 2018 ("ESEF Regulation"), being the responsibility of the Board of Directors for its preparation and disclosure.

Due to the relevance and pertinence of the matters, we call attention to the "Relevant facts occurred during the year" mentioned in Chapter 4 of the Management Report and the "Subsequent events" mentioned in Chapter 12, also of the Management Report and to the "Events after the balance sheet date" included in Note 31 of the Notes to the consolidated financial statements.

II. Opinion

From the above stated, taking into consideration the information received from the Board of Directors and from the several Departments of the **Estoril-Sol Group**, the content of the Statutory Auditor's Report and Auditor's Report issued by Deloitte and because the following documents comply with the legal and statutory requirements, we are of the opinion that they should be approved in the General Meeting of **Estoril-Sol SGPS, SA**:

- i) the separate financial statements of **Estoril-Sol SGPS** and the consolidated financial statements of **Estoril-Sol Group** for the year ended 31 December 2022.
- ii) the Management Report for the year 2022.
- iii) the proposal for the profit's distribution included in the Management Report.

III. Declaration

The Statutory Audit Board, pursuant to and for the purposes of the provisions under c) of no.1 of article 29°-G of the Code of Mobile Values, declares that, to the best of our knowledge, the information contained in the financial statements, separate and consolidated, relating to the year 2022 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, April 28th, 2023

Manuel Maria Reis Boto
Paulo Ferreira Alves
Lisete Sofia Pinto Cardoso