

CONSOLIDATED

REPORT AND ACCOUNTS

PHAROL, SGPS S.A. - FIRST SEMESTER 2021 RESULTS

- PHAROL's net income in the first half of 2021 was negative by 1.3 million Euros, essentially justified by the recurring operating costs of 1.4 million Euros;
- The company's equity ended the semester at 134.9 million euros, a reduction of 30.5 million euros compared to December 2020, reflecting (1) the depreciation of the stake in Oi by 29.8 million euros and (2) the negative net result in the amount of 1.3 million Euros.
- PHAROL's stake in Oi amounts to 80.4 million euros in the first half of 2021, as a result of the drop in the price of Oi's ordinary shares (down 35.1 million euros at constant exchange rates) partially canceled by appreciation of the Real against the Euro which allowed a foreign exchange gain of 5.3 million euros.

MESSAGE FROM CEO

Luís Palha da Silva

"Our subsidiary Oi continued its plan to sell non-core assets, with special emphasis on the sale of 58% of the company that will hold the fiber infrastructure, InfraCo, in a process that was confirmed in an auction and court decision, on 7th of July. As a result of some less good news related to the first quarter of this year in the operational area and following the public presentation of the strategic guidance for the coming years, Oi's price suffered throughout the first months of 2021. A timid revaluation of the real it ended up, however, mitigating this trend.

This slight improvement in the real is also, in fact, one of the factors that led to the book value of the credit on Rio Forte not having deserved any change, given that, on the other hand, there were no significant developments in the judicial instances in Portugal and Luxembourg.

Internally, there was a high concentration of efforts to reduce operating costs, and in this first half of the year it was possible to rely on favorable decisions in different tax litigation processes and the consequent refunds of payments improperly made."

Highlights

PHAROL

(Euro million)	1H21	1H20
Recurring EBITDA	(1.4)	(1.4)
Net Income	(1.3)	(1.7)
(Euro million)	Jun21	Dec20
Assets	152.5	183.3
Liabilities	17.6	18.0
Equity	134.9	165.4

Contactos

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

PHAROL, SGPS S.A.

CONSOLIDATED REPORT
FIRST SEMESTER 2021

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“PHAROL”, “Group PHAROL”, “Group” and “Company” is a reference to the companies that are part of PHAROL, SGPS S.A. or to one of them, depending on the context.

01. FINANCIAL REVIEW

FINANCIAL REVIEW

As at June 30, 2021, PHAROL had as its main assets (1) 314,490,159 common shares of Oi, S.A. ("Oi"), representing 5.28% of total share capital of Oi (excluding treasury shares), and (2) debt securities of Rio Forte Investments S.A. ("Rio Forte") with a nominal value of Euro 897 million.

On December 30, 2014, after the capital increase of Oi, concluded on May 5, 2014 (the "Oi Capital Increase"), PHAROL held a 39.7% direct and indirect stake in Oi. This included a portion classified as a non-current asset held for sale, following the Exchange agreement ("Exchange") entered into on September 8, 2014 and completed on March 8, 2015, and the remaining stake of 22.8% classified as investment in joint ventures and associates and therefore accounted for using the equity method.

On March 30, 2015, the Exchange was completed, whereby PHAROL (1) transferred to Portugal Telecom International Finance, B.V. ("PT Finance"), a subsidiary of Oi, an aggregate amount of 47,434,872 common shares and 94,869,744 preferred shares of Oi, and (2) received from PT Finance debt securities of Rio Forte with a nominal value of Euro 897 million and a call option on the transferred shares ("Call Option"). After the completion of the Exchange, PHAROL held an effective stake of 27.48% in Oi corresponding to the 22.8% stake referred above plus 4.7% due to the decrease in the number of outstanding shares of Oi.

The relevant agreements for the implementation of the New Structure of Oi were signed on July 22, 2015. On September 1, 2015, a General Meeting of Shareholders of Oi was held where the New Structure was approved.

As of September 30, 2015, after the implementation of the New Structure, but prior to the voluntary conversion of preferred shares to ordinary shares of Oi, PHAROL held, directly or indirectly through wholly owned subsidiaries, 84,167,978 common shares and 108,016,749 preferred shares of Oi.

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

With the implementation of the New Structure on July 30, 2015, the shareholders' agreements, through which joint control of Oi was exercised, were terminated. Up to that date, PHAROL accounted for its stake in Oi as an Investment in Joint Ventures. After this date, PHAROL considered it had significant influence over Oi and classifies it as an associate company. As a result, from July 30, 2015 the investment in Oi continued to be accounted for according to the equity method, based on PHAROL's economic stake in Oi's results.

On April 29 and May 19, 2016, PHAROL, due to a corporate reorganization, transferred direct ownership of 128,213,478 common shares issued by Oi S.A., to its 100% owned subsidiary BRATEL B.V.. Due to the Corporate Reorganization, BRATEL B.V. now directly holds (and PHAROL indirectly holds) 183,662,204 common shares of Oi S.A., which represented 22.24% of Oi S.A.'s entire share capital (27.18% excluding treasury shares).

On 15 September 2017, in order to concentrate all its operations in Luxembourg, PHAROL transferred the ownership of all the shares that BRATEL BV has in Oi SA to its subsidiary BRATEL S.à.r.l., 100% owned by BRATEL B.V.

In December 2017, and after the decision by the Court of the 7th Business Court of Rio de Janeiro (which it handles the Judicial Recovery of Oi) and which decided to withdraw the rights of the members of the Board of Directors of Oi in the approval of the Judicial Recovery Plan, it was understood that PHAROL lost the significant influence it had until then on its associate Oi. Consequently, on 31 December 2017, PHAROL began to measure its investment in Oi at market value and classify it as "Financial Assets".

Oi S.A., in the disclosure of its consolidated results for 2017, announced that it had restated its Consolidated Equity on January 1, 2016 and December 31, 2016, amounting to BRL 18 billion and BRL 19 billion, respectively. Following this restatement, PHAROL's investment in Oi, being recorded under the equity method, was restated and valued at zero in the periods of January 1, 2016 and December 31, 2016.

On July 20, 2018, following the homologation of the Capital Increase through the conversion of debt into shares, Oi's share capital increased from 825,760,902 shares for a total of 2,340,060,505 shares, was a dilution of PHAROL's participation in Oi to less than 8%.

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

On April 2, 2019, with the approval of an agreement between PHAROL and Oi on January 8, 2019, in which Oi committed itself to reimburse PHAROL for the damages suffered through Oi's shares and resources for the acquisition of Oi shares subscribed in the aforementioned capital increase, PHAROL now holds a 5.51% interest in Oi's share capital.

During 2020, PHAROL sold all preferred shares of Oi and a small portion of common shares, resulting in a final stake of 5.37% of Oi's share capital. In 2021, after selling another part of Oi's common shares, PHAROL held a 5.28% stake in Oi (excluding treasury shares).

Consolidated net income for the first half of 2021 represents a loss of Euro 1.27 million and essentially reflects operating costs.

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT		
	Euro million	
	1H21	1H20
Wages and salaries	0.66	0.65
Supplies, external services and other expenses	0.68	0.64
Indirect taxes	0.08	0.09
Loss before financial results and taxes	(1.42)	(1.38)
Depreciations	0.04	0.06
Earnings before interest and taxes	(1.46)	(1.44)
Net other gains	(0.23)	0.26
Loss before financial results and taxes	(1.23)	(1.70)
Net other financial losses (gains)	0.02	0.03
Loss before taxes	(1.26)	(1.73)
Income taxes	0.01	0.01
Attributable to equity holders of PHAROL, SGPS S.A.	(1.27)	(1.74)

Consolidated operating costs amounted to 1.46 million Euros in the first half of 2021 compared to 1.44 million Euros in the first half of 2020.

In 2021, the other net gains include the refund of income taxes from previous years. In 2020, the other net costs include the CMVM fine in the amount of 250 thousand euros.

The net profit attributable to PHAROL shareholders in the first half of 2021 was a loss of 1.27 million Euros and 1.74 million Euros in the same period of 2020.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated Statement of Financial Position		
	Euro million	
	30 jun 21	31 dec 20
ASSETS		
Cash and cash equivalents	19.5	20.7
Accounts receivable	0.1	0.1
Tangible assets	0.3	0.2
Taxes receivable	0.1	0.0
Financials assets	80.4	110.3
Other assets	52.1	52.0
Total assets	152.5	183.3
LIABILITIES		
Short-term debt	0.3	0.2
Accounts payable	0.1	0.3
Accrued expenses	0.9	0.9
Taxes payable	0.2	0.1
Other liabilities	16.1	16.4
Total liabilities	17.6	18.0
Total equity	134.9	165.4
Total liabilities and shareholders' equity	152.5	183.3

The cash net of liabilities is 2.1 million Euros on June 30, 2021 and 2.9 million Euros on December 31, 2020.

The financial assets correspond to PHAROL's effective participation in Oi on June 30, 2021 and December 31, 2020, with a value of 80.5 million Euros and 110.3 million Euros, respectively. This 30 million Euro devaluation is mainly explained by the devaluation of Oi's share net of the appreciation of the Real against the Euro.

The "Other assets" on June 30, 2021 and December 31, 2020, in the amount of 52 million Euros correspond to the best estimate of the fair values of assets relating to debt instruments issued by Rio Forte, whose nominal value amounts to 897 million of euros.

Equity amounts to 134.9 million Euros as of 30 June 2021, compared to 165.4 million Euros as of 31 December 2020, a decrease of 30.5 million Euros, essentially reflecting (1) the negative result generated in the first half of 2021 in the amount of Euro 1.27 million, and (2) the devaluation of the participation in Oi in the amount of Euro 29.8 million.

OI RESULTS KEY HIGHLIGHTS

The information contained in this point comes from the 1Q21 Results Presentation

Oi's focus continues to be advancing on the main indicators of its transformation plan while expanding commercial horizons.

Fiber

- Acceleration of massive fiber expansion continues.

Sao Paulo

- Entered the São Paulo market.

Residential

- Fiber expansion is driving the residential turnaround, leading to annual revenue stabilization for the first time in many years.

Oi Solutions

- Oi Soluções has focused on IT services and, with the launch of TAHTO, seeks to offer digital relationship solutions for the B2B market.

New Wholesale

- 1.6K ISPs served by our network
- Delivering infrastructure to connect more than 5.2M home with fiber.

Financing

- Consent obtained from the 2025 Bond holders to implement financing alternatives:
- Withdrawal of R\$2.5 billion in the infra Co's hybrid debt (signed in February);
- Bridge debt for the sale of UPI Móvel (R\$2Bi-R\$2.5Bi, under negotiation).

	Milhões de Reais *		
	1T21	1T20	4T20
Oi S.A.			
Total Net Revenues	4,453	4,749	4,777
EBITDA	1,139	1,533	1,491
EBITDA Margin (%)	25.6%	32.3%	31.2%
Consolidated Net Earnings (Loss)	-3,038	-6,280	1,798
Net Debt	25,172	18,131	21,797
Available Cash	3,027	6,310	4,554
CAPEX	1,863	1,794	1,991

*Or otherwise stated

	Milhões de Reais *		
	1T21	1T20	4T20
BRAZIL			
Routine EBITDA	1,128	1,481	1,460
Routine EBITDA Margin (%)	25.7%	31.5%	30.9%
CAPEX	1,859	1,781	1,729
Routine EBITDA - CAPEX	-731	-299	-269

*Or otherwise stated

02. BUSINESS PERFORMANCE

Below we list all the events that occurred between January 1 and July 23, 2021, that can be read in full at PHAROL's website (www.pharol.pt).

QUALIFIED PARTICIPATIONS IN PHAROL

The main changes in qualifying holdings of PHAROL were as follows:

4/Jan/2021 | Grupo Visabeira SGPS, SA informed that it sold on the stock exchange, a total of 2,400,000 shares, representing 0.2677% of the share capital and voting rights of PHAROL.

As a result of the sales, Grupo Visabeira SGPS, S.A. now holds 9,967,041 shares, representing 1.1118% of the share capital and voting rights of PHAROL. Also informed that the existing participations are considered attributable to Fernando Campos Nunes (NIF: 175776083).

CORPORATE EVENTS OF PHAROL

Below we list the main corporate events of PHAROL:

30/Apr/2021 | PHAROL informed that the General Meeting of PHAROL was held where the Shareholders resolved to approve:

Point One: The amendment and updating of the Company's articles of association, under the terms that will be available on the company's website from next week;

Point Two: The management report, the balance sheet and the individual accounts for the year 2020;

Point Three: The consolidated management report, balance sheet and accounts for the year 2020;

Point Four: The proposal for applying results;

Point Five: General appraisal of the Company's management and supervision;

Point Six: The election of the following members of the Governing Bodies and Remuneration Committee for the 2021-2023 period:

Board of the General Meeting

President: Diogo Campos Barradas de Lacerda Machado

Secretary: Maria de Lourdes Vasconcelos Pimentel da Cunha Trigos

Board of Directors

Chairman:

Luís Maria Viana Palha da Silva

Directors:

Maria do Rosário Amado Pinto Correia

Maria Leonor Martins Ribeiro Modesto

Novo Banco, SA with registered office at Avenida da Liberdade, nº 195, 1250-142, Lisbon, with the registration number at the Commercial Registry Office of Lisbon and Legal Entity 513 204 016, which designates to exercise the position in its own name, pursuant to no. 4 of article 390 of the Commercial Companies Code, Ana Cristina Ferreira Dias.

Pedro Zanartu Gubert Morais Leitão

Oi SA, registered with the CNPJ/MF under No. 76.535.764/0001-43, with headquarters and main establishment in Brazil, at Rua do Lavradio No. 71, Centro, Rio de Janeiro - RJ, CEP 20230 -070, which designates to exercise the position in its own name, under the terms of no. 4 of article 390 of the Commercial Companies Code, Avelino Cândido Rodrigues.

Fiscal Council

President:

José Eduardo Fragoso Tavares de Bettencourt

Vowels:

Isabel Maria Beja Gonçalves Novo

João Manuel Pisco de Castro

Substitute Member:

Paulo Ribeiro da Silva

Remuneration Committee

President: António Sarmento Gomes Mota

Francisco José Queiroz de Barros Lacerda

Pedro Miguel Ribeiro de Almeida Fontes Falcão

Point Seven: The election of BDO & Associados, SROC, Lda., represented by Ana Gabriela Almeida, as Effective Chartered Accountant and António Pina Fonseca, as Alternate Chartered Accountant.

Point Eight: The acquisition and sale of own shares;

Point Nine: The statement of the Remuneration Committee regarding the remuneration policy of the members of the Company's management and supervisory bodies.

03/May/2021 | PHAROL informed that, at a meeting held on May 3, 2021, its Board of Directors resolved to designate as Company Secretary, for the term corresponding to the 2021-2023 period:

Effective: Luís Manuel da Costa de Sousa de Macedo

Alternate: Maria de Lourdes Vasconcelos Pimentel da Cunha Trigo

03/May/2021 | PHAROL informed that following the statement of April 30, 2021, it is clarified that regarding the Point One Proposal - Deliberate on proposals for the global amendment and update of the COMPANY's articles of association - the direction of voting by the shareholders was as follows:

First Vote:	
Alternative A - amendment to articles 12/1/a) b) and d) and wording of article 13 with the suppression of the content of the current numbers 10/11/12/14 of the statutes (aka un-shielding).	Not approved

Alternative B - wording of articles 12/1/a), b) and d) and wording of article 13 with maintenance of shielding in numbers 12, 13, 14 and 15.	Approved
Second Vote: Amend and globally update the Articles of Association.	Approved

OTHER RELEVANT PHAROL EVENTS

Below we list other relevant PHAROL events:

05/Feb/2021 | PHAROL informed about Report of Judicial Administrators in the insolvency process of Rio Forte (Rapport n°17 des Curateurs), related to December 31, 2020, available at www.espiritosantoinsovlencies.lu

11/Feb/2021 | PHAROL informed that Jorge Telmo Maria Freire Cardoso resigned, on February 10, 2021, from the respective position of non-executive member of the Board of Directors of PHAROL.

11/Mar/2021 | PHAROL reported on the Notice from the Judicial Administrators in the insolvency process of Rio Forte (Communiqué from the Trustees - Number 28: Credit verification list 2), available on the website www.espiritosantoinsovlencies.lu

08/Jun/2021 | PHAROL informed about Report of Judicial Administrators in the insolvency process of Rio Forte (Rapport n°18 des Curateurs), related to April 30, 2021, available at www.espiritosantoinsovlencies.lu

OTHER MATERIAL EVENTS OF OI

Below we list the other material events of Oi:

15/Jan/2021 | Oi informed that the Company's Annual General Meeting will be held on April 30, 2021.

25/Jan/2021 | Oi informed that he received, on January 22, 2021, binding proposals from third parties for the partial acquisition of UPI InfraCo, all above the minimum value defined in the Amendment to the PRJ.

29/Jan/2021 | Oi informed that, together with Telefônica Brasil S.A., TIM S.A. and Claro S.A., the Agreement for the Purchase and Sale of Shares and Other Covenants, which has as its object the sale of the Mobile Assets SPEs to the Buyers. The Agreement provides for the payment by Buyers of the amount of R\$16.5 billion, of which R\$756 million refer to transition services to be provided for up to 12 months by Oi to Buyers, as well as the execution of a long-term contract to provide transmission capacity services with Oi and some of its subsidiaries, in the take or pay modality, whose net present value (NPV), calculated for the purposes and as provided for in the Amendment to the PRJ, is R\$819 million. The effective conclusion of the Transaction, with the transfer of the shares of the Mobile Assets SPEs to the Purchasers, is subject to CADE's approval and Anatel's prior consent, as well as the fulfilment of usual precedent conditions for operations of this nature, provided for in the Agreement.

04/Feb/2021 | Oi informed that, in view of the conditions of the binding offer for the partial acquisition of UPI InfraCo presented jointly by Globenet Cabos Submarinos SA, BTG Pactual Economia Real Fundo de Investimento em Participações Multiestratégia and other investment funds managed or controlled by member companies of the BTG Group, signed, on this date, an Exclusivity Agreement with the Bidders, for a limited period of time, with the objective of negotiating exclusively with the Bidders the terms and conditions, as well as the documents and annexes related to the Offer. The Agreement aims to ensure

security and speed of ongoing negotiations between the parties and allow that, if the negotiations of conditions and documents between the parties are satisfactorily completed, Oi is able to guarantee the Bidders the right to cover ("right to top") other proposals received in the competitive process for the sale of UPI InfraCo. The Agreement is effective until March 6, 2021 and will be automatically renewed for another period of 30 (thirty) days, unless otherwise stated by either party.

18/Feb/2021 | Oi informed that its indirect subsidiary Brasil Telecom Comunicação Multimídia SA, chosen to be used as SPE InfraCo in the scope of the competitive process for the partial sale of UPI InfraCo, pursuant to the Amendment to the Judicial Reorganization Plan, signed, on this date, an indenture of debentures convertible into shares, of the type with real guarantee, for private placement, of the 1st issue of BTCM, in the total amount of up to R\$ 2,500,000,000.00. The subscription of the Debentures will be led by Brookfield Asset Management and will feature the participation of Farallon Latin America Investimentos and Prisma Capital.

05/Mar/2021 | Oi informed that the Exclusivity Agreement signed with Globenet Cabos Submarinos SA, BTG Pactual Economia Real Fundo de Investimento em Participações Multiestratégia and other investment funds managed or controlled by companies that are part of the BTG Group and effective until March 6, 2021, will be automatically renewed for an additional and final period of 30 days, going into effect until April 5, 2021.

15/Mar/2021 | Oi informed that on March 12, 2021, the completion of the sale of UPI Data Center to Titan Venture Capital e Investimentos Ltda., winner of the competitive procedure carried out on November 26, 2020, in accordance with the Amendment to the Plan of Judicial Recovery ratified by the Court of the 7th Business Court of the Judicial District of the State of Rio de Janeiro on October 5, 2020.

With the conclusion of the Transaction, all shares issued by SPE Data Center were transferred to Titan, which, in turn, paid a cash instalment in the amount of R\$250,000,000.00. The remaining amount established in the Share Purchase and Sale Agreement through UPI and Other Covenants ("Agreement"), equivalent to R\$75,000,000.00, must be paid in instalments, in the manner and within the term provided for in the Agreement.

29/Mar/2021 | Oi informed about the release of the results for the fourth quarter of 2020.

30/Mar/2021 | Oi informed that the sale of UPI Torres to Highline do Brasil II Infraestrutura de Telecomunicações SA, winner of the competitive procedure held on November 26, 2020, was concluded on this date. With the conclusion of the Transaction, all shares issued by the SPE Torres was transferred to Highline, which, in turn, paid on this date an instalment in cash, in the amount of R\$861,758,307.20, of the total price of R\$1,077,197,884.00, owing the remaining balance to be paid after the usual calculations and adjustments to this type of operation, under the terms of the Share Purchase and Sale Agreement through UPI and Other Covenants and the Amendment to Oi's Judicial Recovery Plan.

12/Apr/2021 | Oi informed that, in the context of the negotiations held between, on the one hand, the Company and, on the other, Globenet Cabos Submarinos SA, BTG Pactual Economia Real Fundo de Investimento em Participações Multiestratégia and other investment funds managed or controlled by member companies of the BTG Group, Oi accepted, on this date, the revised binding proposal presented jointly by the Bidders for the acquisition of a portion of the interest held by the Company in Brasil Telecom Comunicação Multimídia SA, an isolated production unit that owns the fiber optic infrastructure assets, in the form of Clause 5.3.9.4 of the Amendment to the Judicial Reorganization Plan approved by the 7th Business Court of the Judicial District of the State of Rio de Janeiro. Without prejudice to the other terms and conditions set forth therein, the Binding Proposal, pursuant to Clause 5.3.9.4 of the PRJ Amendment, provides, on 12/31/21, for the firm value (EV) of SPE InfraCo of R\$ 20,020,000,000 .00, considering a net debt of R\$4,10,353,598.59, as provided for in Clause 5.3.8.1 of the PRJ Amendment, fully owed to Oi and to be repaid within 90 (ninety) days of the closing of the Transaction. The Binding Proposal contemplates the contribution to SPE InfraCo of a Primary Installment, the payment to Oi of a Secondary Installment, and the contribution to SPE InfraCo of an Additional Primary Installment, in addition to the Globenet Merger, as detailed in the company's notice.

03/May/2021 | Oi informed that Act No. 2875/2021 of the National Telecommunications Agency was published on this date, in the Official Gazette, by which the grants held by its wholly-owned subsidiary Telemar Norte Leste SA - In Judicial Reorganization were transferred to Oi provision of the Switched Fixed Telephone Service, in the public and private regimes, in all its modalities, and of the Multimedia Communication Service ("SCM"), including the associated authorizations for the right to use radiofrequency.

Due to the aforementioned transfer of grants, the merger of Telemar by Oi was implemented and became effective on this date, under the terms approved at the Company's Extraordinary General Meeting, held on second call on April 30, 2021, and in line with the Consolidated Judicial Reorganization Plan of Oi and its subsidiaries undergoing judicial reorganization.

10/May/2021 | Oi informed that, on this date, the Company's Board of Directors approved the voluntary resubmission of its financial statements for the fiscal year ended December 31, 2020.

The restatement does not affect the Statements of Income, Comprehensive Income, Changes in Shareholders' Equity, Cash Flows and corporate earnings/loss per share for the year ended December 31, 2020, nor does it affect the equity and financial position and the performance of its consolidated operations for the year then ended.

12/May/2021 | Oi informed about the release of the results for the first quarter of 2021.

17/May/2021 | Oi informed that the Company's Board of Directors has appointed Mr. Marcelo Pavão Lacerda to be part of the Innovation and Digital Transformation Committee, as an external member.

26/May/2021 | Oi informed that on the completion of the subscription and payment of the Convertible Debentures into Shares, Type with Collateral, in Single Series, for private placement, of the 1st issue of Brasil Telecom Comunicação Multimídia SA, an indirect subsidiary of the Company, in the total amount of R \$2,500,000,000.00.

21/Jun/2021 | Oi informed that its direct subsidiary Oi Móvel SA, responsible for contributing the mobile telephony assets to the share capital of UPI Ativos Móveis, signed, on this date, an indenture of non-convertible debentures, of the type with real guarantee, with guarantee fiduciary additional, in a single series, for private placement, of the 2nd issue of Oi Móvel SA, in the total amount of R\$2,000,000,000.00.

07/Jul/2021 | Oi informed that the hearing was held to open closed bids presented under the competitive procedure for the partial sale of UPI InfraCo and that during the hearing, there was only one closed bid for the partial acquisition of UPI InfraCo, which was jointly presented by Globenet Cabos Submarinos SA and BTG Pactual Economia Real Fundo de Investimento em Participações Multistrategia in the exact terms and conditions of the binding proposal for the acquisition of UPI InfraCo presented by the Bidders.

Due to the presentation of the only closed bid for the partial acquisition of UPI InfraCo, the Judicial Reorganization Court approved the Bidders' proposal as the winner of the competitive procedure for the partial sale of UPI InfraCo.

As provided for in the UPI InfraCo Notice, the respective Share Purchase and Sale Agreement will be entered into with the Bidders, and the effective completion of the transfer of shares issued by SPE InfraCo will be subject to compliance with the conditions provided for in such agreement, among which, the prior consent of the National Telecommunications Agency – ANATEL and the approval of the partial sale of UPI InfraCo by the Administrative Council for Economic Defense – CADE.

14/Jul/2021 | Oi informed that he engaged financial institutions with the objective of evaluating alternatives for raising funds in the domestic or international debt capital market, in connection with the potential refinancing of the first issue debentures of Oi Móvel SA (Debtor in Possession – DIP) with maturity in January 2022.

19/Jul/2021 | Oi presented the Strategic Plan for the 2022-2024 Triennium.

03. MAIN RISKS AND UNCERTAINTIES

The events and circumstances described below could result in a significant or material adverse effect on the financial condition of PHAROL and a corresponding decline or increase in the market price of the ordinary shares of PHAROL.

Macro Risk	Sub-Risk	Risk Factors
Economic Risks	Oi's Performance	With Oi implementing the New Strategic Plan in progress and already operating normally in the market, PHAROL is indirectly subject to the performance of the Brazilian market, which directly impacts Oi's operating performance.
	COVID-19	PHAROL is subject to the potential economic shocks that a pandemic can cause in the economies in which society operates and may have a direct effect on the market value of the assets in which PHAROL has a stake.
	Information Security	PHAROL is exposed on a daily basis to security risks, including the availability, integrity and confidentiality of the information.
Financial Risks	Exchange Rates	Foreign currency exchange rate risks relate mainly to PHAROL's investment in Oi (Brazil). Any exchange rate fluctuations of the Real against the Euro affect the valorization of Oi shares held by PHAROL, and therefore impact PHAROL's results and financial position. The society does not have a policy to cover the value of the financial investment.
	Interest Rate	Interest rate risks basically relate to financial expenses and the floating interest rate debt and cash applications. PHAROL is indirectly exposed to this risk specially in Brazil. It should be noted that PHAROL has no bank debt as of December 31, 2020. Market interest rates also affect the discount rates used for impairment testing to the various assets of the company.

	Treasury Applications	PHAROL is mainly subject to credit risks in its treasury applications. In order to dilute these risks, in July 2014 the Board of Directors defined a policy for treasury applications and this policy has reviewed in 2019.
	Default by Rio Forte as to the reimbursement of the instruments that PHAROL holds following the execution of the Exchange	<p>The Rio Forte Instruments currently held by PHAROL, are not guaranteed by assets. Therefore, even though there may exist amounts available for reimbursement to Rio Forte's creditors the right to reimbursement of PHAROL will be shared pro rata with the other unsecured creditors of Rio Forte and only after the repayment of all debts to any secured creditors, and after confirmation of the validity of the credits.</p> <p>PHAROL evaluates this instrument every year, with the supervision of the Fiscal Council and External Audit.</p>
Legal Risks	Court lawsuits	The Board of Directors subcontracts the risk analysis of the lawsuits to lawyers and external consultants, in order to know, for each one, what is their assessment of the responsibility of PHAROL (probable, possible or remote occurrence), the status of the process, the amounts involved, provisioned and paid and what steps to take in defending PHAROL's interests.
	Litigation or investigations triggered under the Rio Forte Instruments or the Business Combination	PHAROL may incur in liabilities in connection with litigation or other future proceedings and incur in defense costs in such litigation or other proceedings. Any liability incurred could adversely affect PHAROL's financial situation.
	Oi's non-compliance with commitments with tax contingencies	In accordance with the agreements with Oi, Oi is responsible for the payment of all contingencies until May 5, 2014 and PHAROL remains and severally liable for these contingencies.

04. QUALIFIED HOLDINGS

QUALIFIED HOLDINGS

As at June 30, 2021, qualified holdings represented over 25.93% of PHAROL share capital, as follows:

DATE OF INFORMATION	ENTITIES	NO. OF SHARES	% OF CAPITAL	% OF VOTING RIGHTS
31/05/2012	Telemar Norte Leste S.A.*	89.651.205	10,00%	10,00%
*Telemar was incorporated on May 3, 2021 into Oi S.A..				
	Total attributable	89.651.205	10,00%	10,00%
02/04/2018	Novo Banco S.A.	85.665.125	9,56%	9,56%
	Directly	85.665.125		
	Shares held by companies in a controlling or group relationship with Novo Banco, S.A.	916		
	Shares held by directors and members of the Corporate Bodies	595		
	Total attributable	85.666.636	9,56%	9,56%

THE BOARD MEMBERS AND SUPERVISORY BODIES SHAREHOLDINGS

Under the terms of article 9, number 1 c), of Regulation number 5/2008 of CMVM, the following information is presented with respect to the qualified holdings held by the board members and supervisory bodies in PHAROL's share capital, which the company was informed about with reference to June 30, 2021 or the previous date, as indicated:

Board of Directors

- Luís Maria Viana Palha da Silva owns 200,000 shares of PHAROL. He was appointed for the Board of Directors of PHAROL on May 29, 2015.
- Maria do Rosário Amado Pinto Correia owns 40 shares of PHAROL. She was co-opted for the Board of Directors of PHAROL on September 2, 2015.
- Maria Leonor Martins Ribeiro Modesto does not hold any securities of PHAROL or other companies that are in a controlling or group relationship. She was appointed for the Board of Directors of PHAROL on September 7, 2018.
- Pedro Zañartu Gubert Morais Leitão does not own any securities of PHAROL or any other companies that are in a control or group relationship. He was appointed for the Board of Directors of PHAROL on May 29, 2015.
- Novo Banco S.A., owner of 85,666,636 shares of PHAROL S.A., is represented by Ana Cristina Ferreira Dias, who does not own any securities of PHAROL or of other companies that are in a controlling or group relationship with it. Novo Banco was appointed administrator of PHAROL on April 30, 2021.
- Oi S.A., owner of 89,651,205 shares of PHAROL S.A., is represented by Avelino Cândido Rodrigues, who does not own any securities of PHAROL or of other companies that are in a controlling or group relationship with it. Oi was appointed as administrator of PHAROL on April 30, 2021.

Fiscal Council

The fiscal council members, identified below, do not own any shares of PHAROL.

- José Eduardo Fragoso Tavares de Bettencourt
- Isabel Maria Beja Gonçalves Novo
- João Manuel Pisco de Castro
- Paulo Ribeiro da Silva

Managing-Director

The managing-director Luís Maria Viana Palha da Silva is also member of the Board of Directors.

Statutory Auditor (“ROC”)

The Statutory Auditor does not own any shares of PHAROL.

- Effective ROC - BDO & Associados - SROC, represented by Ana Gabriela Almeida
 - Substitute ROC – António Pina Fonseca

05. OUTLOOK

The maximization of the value of Pharol's investments, which occupies a central place in its policies, started to benefit from a much closer observation position in the management of the most relevant stake, the Brazilian telecommunications company Oi. Pharol, the 2nd largest shareholder, with a 5.28% stake (excluding treasury shares), in this first half, saw its aspiration to see once again elected a member appointed by Pharol into the Board of Directors of that company. This situation allows not only a better knowledge of the development of business on a day-to-day basis, but also contributes more solidly to the definition and execution of strategic lines that create value for its shareholders.

In the accounts presented by Oi in the first quarter of the current year, the will of Oi's management to pursue the strategy of business concentration, investing in fiber infrastructure (FTTH) and executing the ambitious program of divestments and strengthening of the company's balance sheet is clear. Attention will now turn to building a solid business model in the core business activities of nova Oi, with a very determined focus on sales growth in the chosen areas and on the indispensable cost reduction.

At Rio Forte, the pace of minor developments persists in the legal processes in which Pharol is involved, particularly in Luxembourg: the list of creditors accepted by the Bankruptcy Administration is still unknown and some court decisions and expert work have been coming. to suffer unjustified delays.

With the recovery of some amounts under discussion with the Tax Authority and the containment of operating costs, especially in remuneration and FSE's, it was possible, in this semester of 2021, even as a result of the pandemic, to present a loss reduction before financial charges and taxes 27%, when compared to the same period in 2020.

Pharol's Board of Directors, knowing the extended period expected for a significant recovery in the value of assets – operational improvements at Oi dependent on new investments and lengthy legal proceedings at Rio Forte – has been analyzing the potential for a strategic diversification of the company's portfolio and thinking on the skills and costs that this would require, namely in strengthening the management team and achieving an adequate scale to manage a broader portfolio of holdings.

06. STATEMENT FROM THE BOARD OF DIRECTORS

For the purposes of article 246 of the Portuguese Securities Code, the members of the Board of Directors of PHAROL SGPS, S.A., identified hereunder, hereby declare, in their capacity and within their functions as described therein, that, as far as they are aware, and based on information that they have had access to, through the Board of Directors and/or Executive Committee, as applicable, while in office:

- The information featured in the management report, financial statements, and other accountability documents required by law or regulations concerning the first semester, was prepared in accordance with the applicable set of accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of PHAROL, SGPS S.A. and companies included in the respective consolidation perimeter;
- The first semester management report outlines the progress of the business activities, the performance and position of PHAROL, SGPS, SA and companies included in the respective consolidation perimeter, and it contains a correct description of the main risks and uncertainties that these entities face.

Lisbon, July 23, 2021

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

Ana Cristina Ferreira Dias, Board Member

Avelino Cândido Rodrigues, Board Member

Maria do Rosário Amado Pinto Correia, Board Member

Maria Leonor Martins Ribeiro Modesto, Board Member

Pedro Zañartu Gubert Morais Leitão, Board Member

PHAROL, SGPS, S.A.

CONSOLIDATED FINANCIAL STATEMENTS

07. CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

PHAROL, SGPS S.A.			
CONSOLIDATED INCOME STATEMENT			
PERIODS ENDED JUNE 30, 2021 AND 2020			
	Notes	1H21	Euro 1H20
COSTS, LOSSES AND (INCOME)			
Wages and salaries	5	657,889	649,147
Supplies, external services and other expenses	6	684,874	639,159
Indirect taxes	7	79,921	88,827
Depreciation		41,952	59,657
Net other losses (gains)	8	(230,182)	264,813
		1,234,454	1,701,601
Income (loss) before financial results and taxes		(1,234,454)	(1,701,601)
FINANCIAL LOSSES AND (GAINS)			
Net interest income	9	-	(1,246)
Net foreign currency exchange losses		(611)	17,775
Net other financial expenses		24,367	10,968
		23,756	27,496
Income (loss) before taxes		(1,258,210)	(1,729,098)
Income taxes	10	14,370	13,735
NET INCOME		(1,272,580)	(1,742,833)
Attributable to equity holders of the parent		(1,272,580)	(1,742,833)
Earnings per share			
Basic and Diluted	11	(0.00)	(0.00)

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

	Notes	1H21	Euro 1H20
Net Income recognised in the income statement		(1,272,580)	(1,742,833)
Income (expenses) recognised directly in shareholders' equity			
Items that may be reclassified subsequently to the income statement			
Foreign currency translation adjustments		7,067	3,073
Gains (expenses) recorded in shareholders' equity related to joint ventures			
Items that will not be reclassified to the income statement			
Gains (losses) on financial assets at fair value		(27,935,333)	1,893,718
Total earnings recognised directly in shareholders' equity		(27,928,266)	1,896,791
Total comprehensive income		(29,200,846)	153,958
Attributable to non-controlling interests		-	-
Attributable to shareholders of PHAROL SGPS		(29,200,846)	153,958

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
PERIODS ENDED JUNE 30, 2021 AND DECEMBER 31, 2020

		Euro	
	Notes	30 jun 21	31 dec 20
ASSETS			
Current Assets			
Cash and cash equivalents	16	19,473,684	20,729,910
Accounts receivable		136,904	138,017
Taxes receivable		67,052	38,144
Prepaid expenses		195,636	72,032
Total current assets		19,873,276	20,978,103
Non-Current Assets			
Tangible assets		260,221	193,957
Financials assets	12	80,420,007	110,255,384
Other non-current assets	13	51,906,005	51,905,456
Total non-current assets		132,586,233	162,354,798
Total assets		152,459,509	183,332,901
LIABILITIES			
Current Liabilities			
Accounts payable	14	113,580	334,283
Accrued expenses	15	871,584	896,867
Taxes payable		213,483	132,597
Other current liabilities	17	16,100,963	16,406,713
Total current liabilities		17,299,610	17,770,460
Non-Current Liabilities			
Medium and long-term debt		271,018	189,847
Total non-current liabilities		271,018	189,847
Total liabilities		17,570,628	17,960,307
SHAREHOLDERS' EQUITY			
Share capital		26,895,375	26,895,375
Treasury shares		(186,156,710)	(184,873,844)
Legal reserve		6,773,139	6,773,139
Reserve for treasury shares		193,127,337	191,844,164
Other reserves and accumulated earnings		94,249,740	124,733,759
Total equity		134,888,881	165,372,593
Total liabilities and shareholders' equity		152,459,509	183,332,901

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

PHAROL, SGPS S.A.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
PERIODS ENDED JUNE, 30 2021 AND DECEMBER 31, 2020

Euro

	Share capital	Treasury shares	Legal reserve	Reserve for treasury shares	Other reserves and accumulated earnings	Equity excluding non-controlling interests	Total equity
Balance as at December 31, 2019	26,895,375	(181,842,907)	6,773,139	188,813,227	90,907,501	131,546,335	131,546,335
Acquisition of own shares	-	(3,030,937)	-	3,030,937	(3,030,937)	(3,030,937)	(3,030,937)
Income (expenses) recognized directly in equity	-	-	-	-	51,173,110	51,173,110	51,173,110
Income recognized in the income statement	-	-	-	-	(14,315,915)	(14,315,915)	(14,315,915)
Balance as at December 31, 2020	26,895,375	(184,873,844)	6,773,139	191,844,164	124,733,759	165,372,593	165,372,593
Balance as at December 31, 2020	26,895,375	(184,873,844)	6,773,139	191,844,164	124,733,759	165,372,593	165,372,593
Acquisition of own shares	-	(1,282,867)	-	1,283,174	(1,283,174)	(1,282,867)	(1,282,867)
Income (expenses) recognized directly in equity	-	-	-	-	(27,928,266)	(27,928,266)	(27,928,266)
Income recognized in the income statement	-	-	-	-	(1,272,580)	(1,272,580)	(1,272,580)
Balance as at June 30, 2021	26,895,375	(186,156,711)	6,773,139	193,127,338	94,249,740	134,888,881	134,888,881

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

CONSOLIDATED STATEMENT OF CASH FLOWS
PERIODS ENDED JUNE 30, 2021 AND 2020

	Notes	1H21	Euro 1H20
OPERATING ACTIVITIES			
Payments to suppliers	16.a	(1,109,070)	(989,694)
Payments to employees		(647,587)	(704,766)
Payments relating to income taxes		-	(2,701)
Other cash receipts, net	16.b	(80,759)	5,618,646
Cash flows from operating activities (1)		(1,837,416)	3,921,485
INVESTING ACTIVITIES			
Cash receipts resulting from:			
Interest and related income		-	1,246
Capital gains and other equity instruments		1,840,994	-
		1,840,994	1,246
Payments resulting from:			
Financial investments		-	7,916
Tangible and intangible assets		(45,260)	(520)
		(45,260)	7,396
Cash flows from investing activities (2)		1,795,733	8,642
FINANCING ACTIVITIES			
Cash receipts resulting from:			
Other financing activities		38,803	-
		0	0
Payments resulting from:			
Loans repaid		-	(4,813)
Interest and related expenses		(15,883)	(2,409)
Purchase of own shares		(1,282,867)	-
		(1,298,750)	(7,222)
Cash flows from financing activities (3)		(1,298,750)	(7,222)
Cash and cash equivalents at the beginning of the period		20,729,910	17,948,653
Change in cash and cash equivalents (4)=(1)+(2)+(3)		(1,301,630)	3,922,907
Effect of exchange differences		45,404	(20,960)
Cash and cash equivalents at the end of the period	16.c	19,473,684	21,850,600

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2021

(Amounts stated in Euros, except where otherwise mentioned)

1. Introduction

As of June 30, 2021, PHAROL indirectly holds through 100% owned subsidiaries, 314,490,159 common shares, representing 5.28% of Oi's total share capital (excluding treasury shares).

Based on the agreements concluded on March 30, 2015 between PHAROL and Oi, PHAROL currently holds Rio Forte debt instruments with a nominal value of Euro 897 million.

2. Basis of presentation

The interim consolidated financial statements were prepared according to the International Accounting Standard (IAS) 34 Interim Financial Reporting. Therefore, the financial statements do not include all information required by the International Financial Reporting Standards ("IFRS") as adopted by the European Union and so should be read in conjunction with the consolidated financial statements of December 31, 2020. Additionally, the interim management report discloses further explanations regarding major variations in income and expenses, and as such these interim consolidated financial statements should be read with the management report. The disclosed interim financial statements were not subject to external audit or review.

3. Changes in Accounting Policies

The presented financial statements follow the same accounting policies applied in the most recent annual financial statements.

4. Exchange rates used to translate foreign currency financial statements

On June 30, 2021 and December 31, 2020, assets and liabilities denominated in foreign currencies were translated to Euros using the following exchange rates to the Euro:

Currency	30 jun 21	31 dec 20
Real	5.9050	6.3735
USD	1.1884	1.2271

On June 30, 2021 and 2020, the statements of financial position, income statements and cash flows of subsidiaries and associated denominated in foreign currencies were translated to euros using the following exchange rates to the Euro:

Currency	1H21	1H20
Real	6.4902	5.4104
USD	1.2053	1.1195

5. Wages and salaries

The composition of this caption in the first semester of 2021 and 2020 is as follows:

	1H21	Euro 1H20
Fixed and variable remuneration	534,121	465,188
Social security	102,616	105,696
Other	21,152	78,262
	657,889	649,147

6. Supplies, external services and other expenses

The composition of this caption in the first semester of 2021 and 2020 is as follows:

	1H21	Euro 1H20
Specialized work (i)	399,897	370,857
Insurance	142,096	164,106
Travel	1,601	8,225
Other	141,281	95,970
	684,874	639,159

(i) This caption refers mainly to legal and consultancy services.

7. Indirect taxes

The composition of this caption in the first semester of 2021 and 2020 is as follows:

	1H21	Euro 1H20
VAT	79,424	87,840
Other	497	987
	79,921	88,827

8. Net other losses (gains)

In the semester ended June 30, 2021, this caption has a gain in the amount of 230 thousand euros, the value of which is related to the refund of income taxes from previous years.

In the semester ended on June 30, 2020, this caption has a value of Euro 264,813, mainly explained by the CMVM's fine of Euro 250,000, in the context of the administrative proceeding, initiated by the CMVM against

PHAROL and several former directors, due to the fact that the disclosure of consolidated reports and accounts for the years 2012 and 2013 and the first quarter of 2014, as well as the corporate governance reports for the years 2012 and 2013, did not comply with the information requirements.

9. Net interest income

The composition of this caption in the first semester of 2021 and 2020 is as follows:

	Euro	
	1H21	1H20
Net interest earned		
Related to cash and cash equivalents (i)	-	(1,246)
	-	(1,246)

(i) Interest income obtained relates to cash amounts applied in term deposits by PHAROL SGPS.

10. Income taxes

In June 2021, companies located in mainland Portugal are subject to Corporate Income Tax at a base rate of 21.0%, plus (1) up to a maximum of 1.5% of taxable income through a municipal tax, and (2) a state surcharge levied at the rates of 3.0% on taxable income between Euro 1.5 million and Euro 7.5 million, 5.0% on taxable income between Euro 7.5 million and Euro 35 million and 9.0% on taxable income in excess of Euro 35.0 million, resulting in a maximum aggregate tax rate of approximately 31.5% for taxable income higher than Euro 35 million. When calculating taxable income to which the above tax rate is applied, non-tax-deductible amounts are added to or subtracted from accounting records.

The composition of the corporate income tax for the first semester of 2021 and 2020 is as follows:

	Euro	
	1H21	1H20
Income tax		
Income tax - current	14,370	13,735
	14,370	13,735

11. Earnings per share

Earnings per share in the first semester of 2021 and 2020 were as follows:

		Euro
		1H21
		1H20
Net loss attributable to equity holders of Pharol	(1)	(1,272,580)
Weighted average common shares outstanding in the period	(2)	816,928,421
Earnings per share from continuing operations		
Basic and diluted	(1)/(2)	(0.00)

12. Finance Assets

This caption corresponds to the investment in Oi, which since December 2017 has been measured at fair value. Until that date, Oi was classified as associate and measured by the equity method.

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

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

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

On October 8, 2015, Oi's Board of Directors homologated the voluntary conversion of Oi's preferred shares into common shares ("Voluntary Conversion of PSs"), approved the effective conversion of the preferred shares, object to the conversion manifestations in BM&FBovespa and in the Bank of Brazil, and accepted the conversion solicitations presented by the holders of American Depository Shares ("ADSs") representative of preferred shares ("Preferred ADSs"). The ADSs representative of the new common shares, resulting from the Offer to Exchange, related with the Voluntary Conversion of PSs, were issued on October 13, 2015. Following this operation, PHAROL's effective stake in Oi decreased from 27.4% to 27.2%.

However, in December 2017, and after the decision by the 7th Business Court of the District of the Capital of the State of Rio de Janeiro, before which it handles the Judicial Recovery ("Judgment"), which decided to withdraw the rights of the members of the Council Board of Directors of Oi in the approval of Oi's Judicial Recovery Plan in which Oi is located, and subsequent events, it was understood that PHAROL lost the significant influence it had until then on its associate Oi SA. Therefore as of December 31, 2017, PHAROL started to record its investment in Oi at market value, and it was classified as "Financial Assets".

Therefore, on June 30, 2021 and December 31, 2020, the accounting for Oi Investment, is as follows:

		1H21	31 dez 20
Stock Price Oi (ON)	R\$	1.51	2.20
Stock Price Oi (PN)	R\$	2.21	2.82
Shares Outstanding (ON)	Million	5,796	5,796
Shares Outstanding (PN)	Million	156	156
Market Cap.	R\$ Million	9,097	13,192
Number of shares owned by PHAROL (ON)	Million	314.5	319.4
Number of shares owned by PHAROL (PN)	Million	-	-
% Participation	%	5.28%	5.37%
Market value R\$	R\$ Million	474.9	702.7
Market value Eur.	Eur. Million	80.4	110.3

13. Other non-current assets

The composition of this caption comprises an estimated future recovery of Euro 51.9 million related to the debt securities issued by Rio Forte on June 30, 2021 and December 31, 2020.

Regarding the debt securities issued by Rio Forte, after having been made aware of the Report of the Judicial Administrators in the Rio Forte insolvency case (Rapport n° 4 des Curateurs), dated August 31, 2016, available at www.espiritossantoinssolvencies.lu, PHAROL began procedures to assess the financial, accounting and legal implications of the information contained in section 2.1.6., which is transcribed in a free translation as follows:

"Expected recovery

The information currently available to the Judicial Administrators does not allow an estimate of either the total recovery or the recovery to be made by the company currently in bankruptcy proceedings.

It cannot be excluded that judicial seizing and the eventual rights of third parties involved will prolong or even definitively prevent the bankrupt estate from recovering and distributing certain assets. In fact, it is not excluded that the judicial authorities have the objective of confiscating the assets now seized."

The Board of Directors of PHAROL, after taking appropriate measures and supported by the analysis of its advisers, concluded, based on the principle of prudence, that the expected recoverability of the insolvent estate and, consequently, PHAROL's expected recoverability of its debt instruments of Rio Forte, have reduced. PHAROL's investment in the Rio Forte securities was initially valued at fair value upon initial recognition on March 30, 2015 and subsequently measured at amortized cost less any impairment losses. Based on the principles of IAS 39 (currently IFRS9), taking into account available information, Management used its judgment in the definition of assumptions that culminated in a valuation of the amount due from Rio Forte at 85.7 million euros at December 31, 2016. This reflects an appraisal of some 9.5% of the nominal value, against approximately 15% of the nominal value at December 31, 2015, which resulted in the accounting for an impairment of € 48.8 million.

In addition, in December 2017, the amount of credit claims considered in the last report of the Judicial Administrators was higher than previously considered, the debt recovery valuation was again revised downwards, registering in 8, 32% recovery, equivalent to a reduction of Euro 11.1 million to the amount of Euro 74.6 million. On December 31, 2018, the debt recovery value remained at 8.32%.

On 2019 and 5 years after the filing of the Rio Forte credit claim, a new report by the Judicial Administrators was published on 30 April 2019, which essentially points to: 1) postponement of the results of the conclusion of the analysis. debt declarations; and 2) downward revision of Rio Forte's asset value in Latin America; Accordingly, and based on these new factors, the recovery in debt recovery was once again revised downwards to 7.19% of nominal value recovery, equivalent to a reduction of 10.1 million euros. Euro to the amount of Euro 64.5 million. Even in the year of 2019 and after the analysis of the last report issued by the Judicial Administrators, with effect on December 31, 2019, it was once again revised downwards, with the face value recovery set at 7.02 %, which is equivalent to an additional reduction of Euro 1.5 million to a total recovery amount of Euro 63 million. On December 31, 2020, a new downward revision of the nominal value recovery was carried out to 5.79%, essentially justified by the depreciation of assets held by Rio Forte in Latin America, which is equivalent to a reduction of 11.1 million from Euros to the amount of 51.9 million Euros. This value was maintained on June 30, 2021.

Furthermore, as part of the credit to Rio Forte, PHAROL in December 2017 was informed of a statement from the curators of Espirito Santo International, SA, ("ESI") stating that this bankrupt company will evaluate the possibility of sue PHAROL, requesting the reimbursement of EUR 750 million without specifying the reasons for that request.

Following this announcement, as early as January 2019, PHAROL was notify by ESI's trustee as a precautionary measure to discontinue any limitation period in view of any cancellation of ESI Notes payments made during January 2014

Upon examination of the abovementioned subpoena, PHAROL considers it highly unlikely that any PHAROL conviction on the subpoena could be based on the alleged facts. Accordingly, PHAROL did not record any provision in its financial statements.

14. Accounts Payable

On June 30, 2021 and December 31, 2020, the composition of this caption is as follows:

	Euro	
	30 jun 21	31 dec 20
Current accounts payable		
Current suppliers	111,924	271,498
Others	1,656	62,785
	113,580	334,283

15. Accrued Expenses

On June 30, 2021 and December 31, 2020, the composition of this caption is as follows:

	Euro	
	30 jun 21	31 dec 20
Accrued expenses		
Supplies and external services	562,305	507,531
Vacation pay and bonuses	287,398	356,116
Others	21,881	33,220
	871,584	896,867

16. Consolidated Statement of Cash Flows

(a) Payments to suppliers

During the first semester of 2021 and 2020, payments to suppliers mainly reflect payments, related to third party suppliers and consultants.

(b) Other net receipts

In the first half of 2021, other net payments essentially include the payment of bank guarantee commissions net of tax refunds.

In the first half of 2020, other net receipts essentially include reimbursements made by the Portuguese Tax Authority in relation to taxes paid in previous years.

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

On June 30, 2021 and December 31, 2020, the composition of this caption is as follows:

	30 jun 21	Euro 31 dec 20
Cash and cash equivalents		
Cash	2,724	2,823
Demand deposits	19,470,960	20,727,087
	19,473,684	20,729,910

17. Guarantees and financial commitments

As of June 30, 2021 and December 31, 2020, this caption has the following composition:

	30 jun 21	Euro 31 dec 20
Bank and other guarantees presented to the tax authorities	84,617,476	84,617,476
	84,617,476	84,617,476

(i) The bank and other guarantees presented to the tax authorities essentially include Euro 85 million on June 30, 2021 and December 31, 2020, respectively, related to the tax assessments received by PHAROL. The company presented legal challenges to these assessments and, in accordance with the Portuguese Law, provided collateral, in order to avoid the initiation of enforcement proceedings, which, in the absence of guarantee or payment of the contested tax, would continue until the request of a pledge of sufficient assets to cover the requested tax. The Portuguese Law, while always allowing for the appeal over taxes liquidated by the tax authorities, only suspends enforcement proceedings upon payment of the tax, or the provision of a guarantee. Providing a guarantee, thereby, avoids the payment of tax before the appeal decision or attachment of assets in enforcement proceedings. The change in the value of the guarantees provided in 2018 occurred due to cancellation due to the expiration of part of the guarantees.

These guarantees were presented by PHAROL as the dominant company of the consolidated fiscal in the years in question, although as of June 30, 2021 the contingencies associated with these guarantees are not the responsibility of the Company, but were transferred to Oi, but remained the same. PHAROL jointly and severally. Notwithstanding the forfeiture and consequent cancellation of part of the Guarantees, tax proceedings remain ongoing and Oi remains liable for them and may amount to up to 382 million Euros. Also, within the scope of the agreements entered into, Oi is also required to replace the bank guarantees provided by PHAROL to the Tax Authority with guarantees provided by Oi. In cases where this substitution is not possible, Oi has undertaken to provide equivalent guarantees. in favour of PHAROL.

As such, on December 31, 2020, a Pledge Agreement for shares of Telemar Norte Leste was in effect with a maximum amount up to the limit of potential liabilities currently existing. However, due to the incorporation to May 3 2021 Telemar Norte Leste into Oi SA, Pharol and Oi, in order to maintain these counter-guarantees in force, reformulated the pledge contract, now having a pledge made on 644,019,090 shares common shares issued by Oi to face a possible conviction in tax contingencies for which Oi is responsible. If this amount is fully used for this purpose, Oi SA undertakes to reinforce the counter-guarantees in effect.

In 2019, following the Private Transaction Instrument and Other Covenants, signed between PHAROL and Oi on January 8, 2019, that clarified the destination to be given to the tax authority's refunds, these were recognized in the "Other accounts payable".

In January 2020, pursuant to the aforementioned agreement, Oi, through PT Participações SGPS, SA, made a deposit in a guarantee account in the amount of 34,340,803.32 Euros, intended to guarantee PHAROL in the event of eventual condemnation in contingencies Oi's responsibility, this amount will be replaced by Oi SA once it is used for this purpose.

18. Related parties

a) Associated Companies

During the first semester 2021 and 2020 there were no costs or revenues related to associated companies.

b) Other

During the periods years ended June 30, 2021 and 2020, the fixed remuneration of the Board members, which was established by the Remuneration Committee, amounted to Euro 269 thousand and Euro 295 thousand million, respectively.

19. Shareholders with Qualified Holdings

The Company believes that it is relevant to disclose outstanding balances and transactions with its main shareholders, namely those with a qualified holding of more than 2% in PHAROL's share capital, and with all the entities reported by these shareholders as being part of the respective economic groups. The tables below present the balances as of June 30, 2021 and December 31, 2020, and the transactions occurred in June 30, 2021 and 2020 between PHAROL and the entities that are identified as shareholders with qualified holding and respective economic groups:

	Euro	
	30 jun 21	31 dez 20
	Cash and bank deposits	
Shareholder		
Novo Banco	2,837,747	2,836,027
	2,837,747	2,836,027

	1H21			Euro
	Costs and losses	Net interest income	Costs and losses	1H20
				Net interest income
Shareholder				
Novo Banco	161	-	188	469
	161	-	188	469

20. Subsequent events

Oi's stock price evolution between June 30 and July 22, 2021 can be found below:

	30 jun 21	22 jul 21
Oi ON share price (Reais)	1.51	1.27
Exchange rate Real/Euro	5.905	6.1029
Oi ON share price (Euro)	0.26	0.21

PHAROL, SGPS, S.A.

STATEMENT OF THE FISCAL COUNCIL

STATEMENT OF THE SUPERVISORY BOARD

(Free translation from the original version in Portuguese)

(Sub-paragraph c), paragraph 1 of Article 246 of the Portuguese Securities Code)

Under the terms and for the purposes of the sub-paragraph c), paragraph 1 of article 246 of the Portuguese Securities Code, the members of the Supervisory Board of PHAROL, SGPS S.A. ("PHAROL") declares that:

To the best of your knowledge, the information the information provided for in paragraph a) of paragraph 1 of article 246 of the Portuguese Securities Code was prepared in accordance with the applicable accounting standards, giving a true and appropriate image of the assets and liabilities, the financial situation and the results of PHAROL and the companies included in the consolidation perimeter, and that the interim management report for the first half of 2021 faithfully exposes the important events that occurred in the period to which it refers and the impact on said financial statements, as well as contains a description of the main risks and uncertainties for the next six months.

Lisbon, July 23, 2021

President: José Eduardo Fragoso Tavares de Bettencourt

Members: Isabel Maria Beja Gonçalves Novo

João Manuel Pisco de Castro

Contacts

Investor Relations

Luís Sousa de Macedo
Investor Relations Director
PHAROL, SGPS S.A.
Rua Joshua Benoliel, 1, 2c
Edifício Amoreiras Square
1250-133 Lisboa, Portugal
Tel: +351 21 269 7698
Fax: +351 21 269 7949
E-mail: ir@pharol.pt

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

Depository bank

Deutsche Bank Trust Company Americas
ADR Division
Floor 27
60 Wall Street
New York 10005-2836
Fax: +1(732)544-6346

Holders of ADRs may also request additional information directly from PHAROL's depository bank for ADRs in New York.

Website

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

Registered Office

Rua Joshua Benoliel, 1, 2c
Edifício Amoreiras Square
1250-133 Lisboa, Portugal
Tel: +351 21 269 7690
Registered with the Commercial Registry Office of Lisbon Under No. 503 215 058