

ANNUAL REPORT

2023

PHAROL, SGPS S.A.

INDIVIDUAL REPORT AND ACCOUNTS

2023

INDEX

01. MANAGEMENT REPORT	3
02. FINANCIAL STATEMENTS	6
03. QUALIFYING HOLDINGS	41
04. INFORMATION TO BE PROVIDED PURSUANT TO ARTICLE 447 OF THE COMMERCIAL COMPANIES CODE	42

“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. MANAGEMENT REPORT

As of December 31, 2023, PHAROL's main assets were (1) the debt instruments of Rio Forte Investments S.A. ("Rio Forte") with a nominal value of €897 million and currently valued at €51.9 million, (2) the investment in the equity and bond portfolios in the amount of €25.8 million, (3) cash and cash equivalents in the amount of 17.2 million Euros and (4) 1,092,584 common shares of Oi S.A. ("Oi"), representing 0.18% of the respective share capital (excluding treasury shares), with a value of 130 thousand Euros.

The debt instruments of Rio Forte, whose bankruptcy proceedings began in December 2014 are still ongoing in the Luxembourg courts, remain valued at the recovery value of 5.79% of their nominal value and amount to 51.9 million euros. During 2023, there was no relevant occurrence that would justify a revision of its recovery value. There are also, following the investment made in Rio Forte, other proceedings opened against the former Directors and the former External Auditor that are ongoing in the Portuguese authorities.

The investment portfolios that Pharol subscribed to in August 2022 and reinforced with an additional investment of €15 million in August 2023, are composed of investments in financial assets that mainly include asset groups of Bonds and Shares of listed companies. As of December 31, 2023, the overall value of these portfolios amounts to 25.8 million Euros, an increase of 1.13 thousand Euros compared to December 2022.

On 31 December 2014, following Oi's capital increase carried out on 5 May 2014, PHAROL held an effective stake of 39.7% in Oi, including a stake that was classified as a non-current asset held for sale, following the swap agreement ("Swap") entered into with Oi on 8 September 2014 and executed on 30 March 2015, and the remaining 22.8% stake, which was classified as an investment in joint ventures and associates and consequently recognized according to the equity method. After the execution of the Exchange, PHAROL now holds an effective stake of 27.48% in Oi, corresponding to the 22.8% stake mentioned above, plus 4.7% resulting from the reduction in the number of outstanding shares of Oi.

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

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

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

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

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

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

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

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

The consolidated net income in 2023 represents a loss of approximately 967 thousand Euros and essentially reflects operating costs.

ACTIVITY SUMMARY

Apart from its activity of managing shareholdings in other companies, the Company has not carried out any direct operational activity.

LEGAL INFORMATION

There are no overdue debts to the State Portuguese and Social Security.

No business or transactions that are considered to be economically significant by any of the parties involved have been entered into between the Company and the members of its management and supervisory bodies, with the exception of those mentioned in Note 20 to the Annex to the financial statements as at 31 December 2023.

EVENTS OF THE YEAR AND RECENT DEVELOPMENTS

The main events that occurred in the year ended December 31, 2023 and recent developments are described in the consolidated report of PHAROL to which we take the liberty of referring the Shareholders.

PROPOSAL FOR APPLICATION OF RESULTS

That in the year ended December 31, 2023, a negative net profit of 967,192 euros was recorded, it is proposed that they be transferred to the Company's Retained Earnings.

Lisbon, 23 February 2024

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

Avelino Cândido Rodrigues, Non-Executive Director

Diogo Filipe Gil Castanheira Pereira, Non-Executive Director

Maria do Rosário Amado Pinto Correia, Non-Executive Director

Maria Leonor Martins Ribeiro Modesto, Non-Executive Director

Pedro Zañartu Gubert Morais Leitão, Non-Executive Director

02. FINANCIAL STATEMENTS

PHAROL, SGPS, S.A.

BALANCE SHEET
DECEMBER 31, 2023 AND 2022

	Notes	2023	Euro 2022
ACTIVE			
Non-current assets			
Property, plant and equipment		18,117	39,520
Financial holdings - equity method	6	324,056	6,160,893
Other Financial Assets	7	77,728,899	61,595,686
Total non-current assets		78,071,072	67,796,099
Current Assets			
Other Accounts Receivable		260,837	158,431
Deferrals		946	1,899
Cash and bank deposits	4	17,035,740	18,785,014
Total current assets		17,297,522	18,945,344
Total Assets		95,368,595	86,741,443
EQUITY			
Share capital	11	26,895,375	26,895,375
Own shares	11	(164,809,193)	(164,809,193)
Legal reserve	11	6,773,139	6,773,139
Other reserves	11	242,935,715	242,935,715
Adjustments in financial assets	11	(183,143,296)	(182,519,562)
Retained earnings	11	140,454,535	142,963,795
Net Income		(967,192)	(2,509,260)
Total equity		68,139,083	69,730,008
PASSIVE			
Non-current liabilities			
Financing obtained		30,728	36,593
Non-current taxes payable	14	-	-
Total non-current liabilities		30,728	36,593
Current liabilities			
Provisions		75,775	-
Suppliers	12	103,522	118,773
Accrued expenses	13	249,131	430,495
State and other public entities	10	125,692	123,076
Other Accounts Payable	19	26,644,663	16,302,498
Total current liabilities		27,198,783	16,974,842
Total liabilities		27,229,512	17,011,435
Total equity and liabilities		95,368,595	86,741,443

Notes are an integral part of these financial statements.

PHAROL, SGPS, S.A.

INCOME STATEMENT
FINANCIAL YEARS ENDED DECEMBER 31, 2023 AND 2022

Euros

	Notes	2023	2022
Losses (gains) on investee companies, net	14	(163,104)	(126,596)
External supplies and services	15	(994,484)	(979,444)
Personnel expenses	16	(849,109)	(938,178)
Indirect taxes		(131,248)	(119,308)
Fair value increases/decreases	17	1,132,854	(310,426)
Other income and gains		583	49,991
Other Expenses and Losses		(90,207)	(16,480)
EARNINGS BEFORE DEPRECIATION, FINANCING EXPENSES AND TAXES		(1,094,715)	(2,440,441)
Depreciation and amortization ((expenses)/reversals)		(22,953)	(33,006)
OPERATING INCOME (BEFORE FINANCING EXPENSES AND TAXES)		(1,117,669)	(2,473,448)
COSTS AND FINANCIAL (GAINS)			
Interest and similar income earned		177,475	1,923
Interest and similar expenses incurred		(2,375)	(3,901)
INCOME BEFORE TAX		(942,568)	(2,475,426)
Income tax		(24,623)	(33,835)
NET INCOME		(967,192)	(2,509,260)
Net income per share			
Basic & Diluted	18	-	-

Notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FINANCIAL YEARS ENDED DECEMBER 31, 2023 AND 2022

Euros

		Share capital	Own shares	Legal reserve	Other reserves	Adjustments in financial assets	Retained earnings	Net Income	Total equity
Balance as of December 31, 2021	A	26,895,375	(164,809,193)	6,773,139	264,283,232	(162,814,562)	123,971,923	(2,355,645)	91,944,268
Changes in the exercise:									
Financial Statement Conversion Differences		-	-	-	-	(5,451,203)			(5,451,203)
Other changes recognised in equity		-	-	-	(21,347,517)	(14,253,797)	21,347,517	-	(14,253,797)
	B	-	-	-	(21,347,517)	(19,705,000)	21,347,517	-	(19,705,000)
Net Income	C	-	-	-	-	-	-	(2,509,260)	(2,509,260)
Integral result	B+C	-	-	-	(21,347,517)	(19,705,000)	21,347,517	(2,509,260)	(22,214,260)
Transactions with equity holders:									
Application of the previous year's results		-	-	-	-	-	(2,355,645)	2,355,645	-
	D	-	-	-	-	-	(2,355,645)	2,355,645	-
Balance as of December 31, 2022	E=A+B+C+D	26,895,375	(164,809,193)	6,773,139	242,935,715	(182,519,562)	142,963,795	(2,509,260)	69,730,008
Changes in the exercise:									
Financial Statement Conversion Differences		-	-	-	-	(116,475)			(116,475)
Other changes recognised in equity		-	-	-	-	(507,259)	-	-	(507,259)
	F	-	-	-	-	(623,733)	-	-	(623,733)
Net Income	G	-	-	-	-	-	-	(967,192)	(967,192)
Integral result	F+G	-	-	-	-	(623,733)	-	(967,192)	(1,590,925)
Transactions with equity holders:									
Application of the previous year's results		-	-	-	-	-	(2,509,260)	2,509,260	-
	H	-	-	-	-	-	(2,509,260)	2,509,260	-
Balance as of December 31, 2023	I=E+F+G+H	26,895,375	(164,809,193)	6,773,139	242,935,715	(183,143,296)	140,454,535	(967,192)	68,139,083

Notes are an integral part of these financial statements.

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

		Euros	
	Notes	2023	2022
OPERATIONAL ACTIVITIES			
Payments to suppliers		(1,293,714)	(1,144,566)
Payments to staff		(858,184)	(1,007,741)
Income tax-related payments		(44,108)	(30,408)
Other receipts, net		11,732,071	508,252
Operational Activity Flows (1)		9,536,065	(1,674,463)
INVESTMENT ACTIVITIES			
Receipts from:			
Financial Investments	4.a.	5,050,000	13,920,000
Interest and similar income		59,344	1,563
		5,109,344	13,921,563
Payments in respect of:			
Short-term financial investments			(10,000,000)
Financial Investments		(16,385,180)	
Tangible and intangible assets		(7,414)	(1,796)
		(16,392,595)	(10,001,796)
Flows of investment activities(2)		(11,283,251)	3,919,767
FINANCING ACTIVITIES			
Payments in respect of:			
Financing obtained			(9,808)
Interest and similar costs		(2,088)	(2,318)
		(2,088)	(12,127)
Flows of financing activities(3)		(2,088)	(12,127)
Cash and cash equivalents at the beginning of the period		18,785,014	16,551,837
Change in cash and cash equivalents (4)=(1)+(2)+(3)		(1,749,274)	2,233,177
Cash and cash equivalents at the end of the period	4.b.	17,035,740	18,785,014

Notes are an integral part of these financial statements.

APPENDIX TO THE INDIVIDUAL FINANCIAL STATEMENTS

On December 31, 2023

(Amounts expressed in euro, unless otherwise stated)

1. Introductory Note

a) Company Identification

Pharol, SGPS, S.A. ("PHAROL", "PHAROL SGPS" or "Company") was incorporated on 23 June 1994 under the terms of Decree-Law No. 122/94, by merger of the companies Telecom Portugal, S.A., Telefones de Lisboa e Porto (TLP), S.A. ("TLP") and Teledifusora de Portugal, S.A. ("TDP"), with reference to 1 January 1994. As a result of the privatisation process which began on 1 June 1995 and ended on 4 December 2000, the majority of PHAROL's capital is held by private shareholders. On 12 December 2000, Portugal Telecom, S.A. changed its corporate name to Portugal Telecom, SGPS, S.A., and changed its corporate purpose to a holding company. On 29 May 2015, it changed its name to PHAROL, SGPS, S.A.

b) Oi's capital increase in 2014

On May 5, 2014, Oi, S.A. ("Oi") carried out a capital increase in the total amount of 13,960 million reais, consisting of: (1) 5,710 million reais (1,750 million euros at the exchange rate of February 21, 2014) corresponding to 1,045,803,934 common shares and 1,720,252,731 preferred shares subscribed by PHAROL through the in-kind contribution of PT Assets, defined as the Company's 100% interest in PT Portugal, SGPS, S.A. ("PT Portugal"), which, at that date, included all the operating businesses of the PHAROL Group, with the exception of the subsidiary companies Bratel BV, Bratel Brasil, S.A., PTB2, S.A. and PHAROL Brasil, S.A. and the investments in Oi, Contax and their controlling shareholders; and (2) 8,250 million reais in cash resources obtained by investors other than PHAROL. The valuation of PT Assets at 5,710 million reais was determined based on the valuation of PT Portugal carried out by Banco Santander (Brasil), SA on the date of the capital increase. As a result of PHAROL's contribution to Oi's capital increase, PHAROL increased its effective stake in Oi from 23.2%, previously held by Bratel Brasil, to an effective stake of 39.7%, held through direct stakes totaling 35.8% (32.8% in PHAROL and 3.0% in Bratel Brasil) and an indirect stake of 3.9% held by Bratel Brasil through Oi's controlling shareholders.

c) Initial acquisition of the investment in Oi

On March 28, 2011, PHAROL completed the initial acquisition of the investments in Telemar Norte Leste, S.A. ("Telemar"), belonging to the Oi Group, and in Contax, S.A. ("Contax"), for a total amount of 8,437 million Reais, and entered into several agreements with the controlling shareholders of these companies. As a result of this transaction, PHAROL acquired an effective stake of 25.3% in Telemar (parent company of the Oi Group on that date) and 14.1% in Contax. As part of this acquisition, PHAROL, AG Telecom Participações ("AG") and LF Tel, SA ("LF"), two of the main shareholders of Telemar Participações, Oi's controlling shareholder, entered into a shareholders' agreement that contains mechanisms for unanimous voting by

their representatives on the Board of Directors of Telemar Participações on strategic financial and operational decisions related to the Oi Group's activity. Consequently, in accordance with the terms of NCRF 13 Interests in Joint Ventures and Investments in Associates ("NCRF 13"), the Company concluded that it contractually shared control of Telemar Participações, so that the investment in Oi was classified as a joint venture and thus recognized according to the equity method.

d) Investment in Rio Forte's debt securities

As of May 5, 2014, directly and indirectly, PHAROL held investments in debt securities issued by Rio Forte Investments, S.A. ("Rio Forte", a holding company of the Espírito Santo Group headquartered in Luxembourg mainly for its non-financial services) in the total amount of 897 million euros, which were an integral part of the PT Assets to be contributed to Oi's capital increase. The breakdown of the amount outstanding on 5 May 2014 was as follows:

- €200 million subscribed by PHAROL on 15 April 2014 and transferred to PT Portugal on 5 May 2014 as part of the Group's corporate restructuring, which matured on 15 July 2014;
- €647 million subscribed by PT Finance on 15 April 2014, maturing on 15 July 2014;
- €50 million subscribed by PT Finance on 17 April 2014, maturing on 17 July 2014.

On 15 and 17 July 2014, those instruments matured without the issuer having paid its obligations.

Rio Forte requested the adoption of the controlled management regime in accordance with Luxembourg law, since, although it acknowledged that it did not have the financial capacity to meet its financial commitments, it understood that the best protection for its creditors would be the adoption of such a legal regime, a claim that was rejected by the Luxembourg court. Following that rejection, Rio Forte was declared insolvent by the Luxembourg Court on 8 December 2014 and went into liquidation.

On 28 July 2014, following the default by Rio Forte, PHAROL and Oi agreed on the main terms for the exchange of Rio Forte's debt securities held on that date by PT Finance and PT Portugal, in the amount of 897 million euros, for 47,434,872 common shares and 94,869,744 preferred shares of Oi (after the grouping of shares carried out by Oi in December 2014) held on that date by PHAROL. On 8 September 2014, this agreement was approved at the General Meeting of Shareholders of PHAROL and, following such approval, the parties involved entered into the respective definitive agreements, the terms of which established that:

- PHAROL would exchange with Oi the Rio Forte Instruments in exchange for 47,434,872 common shares plus 94,869,744 preferred shares of Oi, representing 16.9% of its capital stock;
- PHAROL would be granted a non-transferable U.S. call option ("Call Option") to reacquire the Oi Shares Subject to the Exchange (with an exercise price of 20.104

reais for ON shares and 18.529 reais for PN shares, after the grouping of Oi shares), which would be adjusted by the Brazilian CDI rate plus 1.5% per year;

- The Call Option on the Oi Shares Subject to the Option would come into force on the date of the Exchange, would have a maturity of 6 years, with the possibility of exercising the option by PHAROL expiring by 10% at the end of the first year and by 18% at the end of each following year;
- Any amount received as a result of the monetization of the Call Option through the issuance of derivative instruments would have to be used for the exercise of the Call Option;
- PHAROL could only acquire shares of Oi or TmarPart through the exercise of the Call Option;
- The Call Option would be cancelled if (i) PHAROL's articles of association were voluntarily amended to remove the 10% voting limitation, (ii) PHAROL acted as a competitor of Oi, or (iii) PHAROL breached certain obligations arising from the definitive documentation; and
- The contracts were entered into on September 8, 2014, subject to CVM approval in Brazil and were to be executed by March 31, 2015.

On December 31, 2014, as mentioned above, the execution of the swap and call option agreements was pending approval by the CVM. On March 4, 2015, the CVM approved the aforementioned agreements, subject to their approval at Oi's General Shareholders' Meeting, which took place on March 26, 2015, and the exchange agreement was executed on March 30, 2015. On March 24, 2015, PHAROL entered into with Oi, PT Portugal, PT Finance and TmarPart the Private Instrument of Assignment of Rights and Obligations and Other Covenants ("Instrument of Assignment"), through which PT Portugal transferred the Rio Forte Instruments held by it to PT Finance and assigned to PT Finance all rights and obligations related thereto under the terms of the Exchange Agreement ("Assignment").

On March 30, 2015, the Exchange was consummated, through which PHAROL (1) deposited the Oi Shares Subject to the Exchange with the Depositary; and (2) instructed the Depositary to register the transfer of 47,434,872 ON ADSs and 94,896,744 PN ADSs to PT Finance, representing the Oi Shares Subject to the Exchange. Thus, on March 30, 2015, PHAROL transferred the ADSs Subject to the Exchange to PT Finance and PT Finance transferred to PHAROL the Rio Forte Instruments in the amount of EUR 897 million.

Also on March 30, 2015, the Call Option came into force and took effect.

An amendment ("Addendum") was made to the Stock Option Agreement and Other Covenants, entered into on September 8, 2014, as referred to above, which allowed PHAROL to provide liquidity to its Call Option of Oi shares through a sale in the market, regardless of Oi's prior consent, with Oi having the right of first refusal in the acquisition of the Call Option if PHAROL decides to sell it to third parties. The Addendum was subject to the approval of Oi's general

meeting of shareholders and, if applicable, to the approval of the CVM, with Oi committing to convene the general meeting to deliberate on the Addendum, and Oi's reference shareholders committing to vote in favor of the approval of the Addendum. This call option had a maturity of 6 years and expired in March 2021.

e) Oi's new corporate and governance structure model ("New Structure")

On March 31, 2015, the Board of Directors of PHAROL concluded negotiations with the other reference shareholders of Oi to enter into a new agreement between the parties regarding Oi's corporate structure and governance model. In view of the impossibility of implementing CorpCo's migration to the segment called Novo Mercado of BM&FBovespa ("Novo Mercado") by March 31, 2015, the deadline established in the contracts signed on September 8, 2014, it was essential to enter into a new agreement through which it would be possible to anticipate in Oi the main benefits disclosed to shareholders at the time of Oi's capital increase settled on September 5, 2014. May 2014, without, however, failing to make every effort to migrate to the Novo Mercado. Therefore, the parties have agreed on a new corporate and governance structure model for Oi ("New Structure"), which, in addition to the benefits and objectives previously disclosed, is characterized by the following:

- The entire corporate and corporate governance transformation will be carried out at Oi, eliminating the need to create CorpCo.
- Approval of a new Bylaws of Oi, as well as the execution of an amendment to the provisional voting commitment of its shareholders, in force until the implementation of the New Structure ("Voting Commitment"), which will enable: (i) the implementation of a program for the voluntary conversion of preferred shares into common shares issued by Oi, at the rate of 0.9211 common shares for each preferred share, subject to a minimum membership of 2/3 of the preferred shares, in order to give all shareholders the possibility to exercise voting rights and maximize the possibility of the existence of a single class of shares; (ii) the implementation of the 1 share 1 vote principle. However, and in order to preserve the balance between shareholders and the dispersion of control desired at the time of the Capital Increase, it was agreed to include in Oi's Bylaws a limitation of voting rights of 15%, applicable to all its shareholders; This limitation will cease to exist upon the occurrence of certain events, namely in the event of a capital increase, corporate reorganization operation or public offer for the acquisition of shares, in any case that results in dilution of the current shareholder base (or acquisition of a stake, as the case may be) greater than 50%; (iii) enhance the increase in liquidity, eliminating the subjection to lock-up agreements of any shareholder; (iv) the election of a new Board of Directors of Oi, with significant participation of independents, where the parity previously existing in CorpCo between the representatives of PHAROL and those of the Brazilian shareholders will be maintained; (v) the extinction of TmarPart by incorporation into Oi, which will determine the end of the shareholders' agreements of TmarPart and the other controlling companies of Oi, thus ensuring the dispersion of Oi's shareholder control;

and (vi) the possibility of taking advantage of financial synergies through the merger of Oi's controlling companies, directly and indirectly.

On July 22, 2015, the relevant documents for the implementation of Oi's New Structure were signed, and an Oi General Meeting was held on September 1, 2015, which approved its implementation.

On September 30, 2015, after the implementation of the New Structure and before the voluntary conversion of preferred shares into common shares of Oi, PHAROL now holds, directly and through 100% owned subsidiaries, 84,167,978 common shares and 108,016,749 preferred shares of Oi.

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

The shareholders' agreements, through which Oi was jointly controlled, ended on July 30, 2015 with the implementation of the New Structure. Up to that date, PHAROL has recognized its stake in Oi as an investment in joint ventures. PHAROL considered it to have significant influence over Oi, which was considered an associate. Thus, since July 30, 2015, the stake in Oi has continued to be measured according to the equity method, by the economic participation in Oi's results (27.18% as of December 31, 2016).

On April 29 and May 19, 2016, PHAROL, solely for reasons of corporate reorganization, transferred the ownership of the 128,213,478 common shares issued by Oi S.A., directly held by PHAROL, SGPS S.A., to its 100% owned subsidiary, BRATEL B.V.

On 15 September 2017, PHAROL undertook a new corporate reorganisation with the aim of concentrating operations in Luxembourg. Thus, 183,662,204 common shares issued by Oi S.A., representing 22.24% of the total share capital of Oi S.A., held by BRATEL B.V., are now held by BRATEL S.à.r.l., a company headquartered in Luxembourg, at 69, boulevard de la Pétrusse, L-2320 Luxembourg, and BRATEL B.V. no longer holds a shareholding interest directly in Oi S.A.

Thus, on 31 December 2017, PHAROL held all the shares representing the share capital of BRATEL B.V., which, in turn, held all the shares representing BRATEL S.à.r.l. Both PHAROL and BRATEL B.V. indirectly held 183,662,204 common shares of Oi S.A., representing 22.24% of the total capital stock of Oi S.A. (27.18% excluding treasury shares held by Oi itself).

On July 20, 2018, after the approval of the Capital Increase through the conversion of debt into shares, Oi's share capital increased from 825,760,902 shares to a total of 2,340,060,505 shares representing Oi's share capital, thus diluting PHAROL's stake in Oi to less than 8%.

On January 9, 2019, within the scope of the Capital Increase due to the Entry of New Resources, Oi's share capital increased from 2,340,060,505 shares to a total of 5,954,205,001 shares representing Oi's share capital, thus diluting PHAROL's stake in Oi to less than 4%, even though it partially accompanied the aforementioned capital increase.

On April 2, 2019, with the ratification of an agreement signed between PHAROL and Oi S.A. on January 8, 2019, in which Oi undertook to reimburse PHAROL through Oi shares of financial resources intended for the acquisition of Oi shares in the aforementioned capital increase, PHAROL now holds a 5.51% stake in Oi's share capital.

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

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

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

As of December 31, 2023, PHAROL's main assets were (1) the debt instruments of Rio Forte Investments S.A. ("Rio Forte") with a nominal value of €897 million and currently valued at €51.9 million, (2) the investment in the equity and bond portfolios in the amount of €25.8 million, (3) cash and cash equivalents in the amount of 17.2 million Euros and (4) 1,092,584 common shares of Oi S.A. ("Oi"), representing 0.18% of the respective share capital (excluding treasury shares), with a value of 130 thousand Euros.

PHAROL considered that it would continue to have significant influence on Oi until December 2017, however, and after the decision by the Court of the 7th Business Court of the Capital District of the State of Rio de Janeiro, before which the Judicial Reorganization ("Court") was being processed, which decided to withdraw the rights of the members of Oi's Board of Directors in the approval of the Judicial Reorganization Plan in which the company was, it was understood that PHAROL had lost the significant influence it had until that time in its associate Oi S.A.

Consequently, since December 31, 2017, PHAROL has been accounting for its investment in Oi at market value, which is now classified as a "Financial Asset".

f) Bases of presentation

These financial statements refer to the Company on an individual basis and have been prepared in accordance with accounting principles generally accepted in Portugal (Note 2), and the financial investments have been recorded using the equity method, less any impairment as referred to in Note 3.3. In these individual financial statements, the effect of the application

of the equity method, through the appropriation of the share held in other changes of equity and the net income of the investee companies, based on the respective financial statements, was considered in the shareholders' equity as at 31 December 2023 and 2022 and in the net income for the years ended on those dates, through the appropriation of the share held in other changes in equity and the net income of the investee companies, but not the effect of full consolidation on assets, liabilities, expenses and income.

The Company has prepared, in accordance with the legislation in force, consolidated financial statements in accordance with the International Financial Reporting Standards, as adopted in the European Union, published separately. These consolidated financial statements include the financial statements of the companies in which PHAROL has control, consolidated in the full method.

The disclosures presented in these consolidated financial statements are complementary, *mutatis mutandis*, to the disclosures presented in these financial statements.

The financial statements for the year ended December 31, 2023 were approved by the Board of Directors and authorized for issuance on February 23, 2024, and are still subject to approval by the General Shareholders' Meeting, in accordance with the commercial legislation in force in Portugal.

2. Accounting standards for the preparation of financial statements

The Company's financial statements have been prepared in accordance with the Accounting Standards System (SNC), which integrates the Financial Reporting Accounting Standards (NCRF), adapted by the Accounting Standards Commission (CNC) from the International Financial Reporting Standards (IFRS, formerly known as International Accounting Standards) issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU). The legal diplomas related to the SNC are:

- Notice No. 8254/2015, of July 29 (Conceptual Structure);
- Ordinance No. 220/2015, of July 24 (Model of financial statements);
- Ordinance No. 2018/2015, of July 23 (Code of Accounts);
- Notice No. 8256/2015, of 29 July (Accounting and Financial Reporting Standards);
- Notice No. 8258/2015, of 29 July (Interpretative norms).

PHAROL has chosen not to apply NCRF 27 to these financial statements and has chosen to recognize, measure and disclose its financial instruments in accordance with International Financial Reporting Standards ("IFRS") as adopted in the European Union.

The Company adopted the NCRF for the first time in 2010, having applied for this purpose *the "NCRF 3 First Adoption of the NCRFs"* ("NCRF 3"), with January 1, 2009 being the transition date for the purposes of the presentation of these financial statements. The Company applies the International Accounting and Financial Reporting Standards ("IAS/IFRS") and the respective interpretations ("SIC/IFRIC") issued by the *International Accounting Standards*

Board ("IASB") in order to fill gaps or omissions relating to specific aspects of some transactions or particular situations not provided for in the SNC.

Since January 1, 2005, PHAROL's consolidated financial statements have been prepared in accordance with IFRS as adopted in the European Union, in accordance with regulations applicable to companies listed on European Union stock exchanges.

The PHAROL Group consists of the following companies:

					dec/23	
Company	Head office	Type of Company	Activity	Direct	Effective	
Bratel BV	Amsterdam	Subsidiaries	Management of investments	Pharol SGPS (100%)	100%	
PHAROL Brasil	São Paulo	Subsidiaries	Management of investments	Bratel BV (100%)	100%	
Bratel S.a.r.l.	Luxembourg	Subsidiaries	Management of investments	Bratel BV (100%)	100%	

In addition, it should be noted that PHAROL on December 31, 2023 and 2022 held an indirect stake through its subsidiary Bratel S.a.r.l. in the capital of Oi of 0.18% and 2.20%, respectively.

3. Main Accounting Policies, Judgments and Estimates

These individual financial statements were prepared on a going concern basis of accounting. The main accounting policies used in the preparation of these individual financial statements are described below and were applied consistently.

3.1. Property, plant and equipment

Property, plant and equipment are recorded at the acquisition cost, which includes the purchase price and any costs directly attributable to placing the assets in place and in the condition necessary to operate in the intended manner.

The depreciation of property, plant and equipment is recognised after the time when the asset is in a usable condition in accordance with the constant quota method. The annual rates applied reflect the estimated useful life for each class of goods, as follows:

Asset Class	Years of Service Life
Transportation equipment	4
Administrative equipment	3 - 8
Other tangible fixed assets	4 - 8

Gains or losses arising from the write-off or disposal of property, plant and equipment are determined by the difference between the amount received and the carrying amount of the asset, and are recognized in the income statement in the period in which the write-off or disposal occurs.

3.2. Locations

Lease agreements are classified as financial leases if, through them, all the risks and advantages inherent in the possession of the corresponding assets are substantially transferred to the lessee. The remaining lease agreements are classified as operating leases. The classification of leases is made according to the substance and not the form of the contract.

Assets acquired through leasing contracts, as well as the corresponding liabilities, are recorded at the beginning of the lease by the lesser of the fair value of the assets and the present value of the minimum lease payments. Rents include financial expenditure and amortisation of capital, and financial expenditure is allocated according to a constant periodic interest rate on the remaining balance of liability.

In leases that are considered to be operating, the rents due are recognized as expenses on a straight-line basis during the lease period.

3.3. Financial Investments

Subsidiary companies are all entities over which the Company has decision-making power over financial and operational policies, usually represented by more than half of the voting rights. Affiliated companies are entities over which the Company exercises significant influence but does not have control, usually with holdings of between 20% and 50% of the voting rights. A joint venture is an economic activity undertaken by two or more partners subject to joint control by them by means of a contractual agreement.

Investments in subsidiaries, associates and joint ventures are recorded using the equity method. According to this method, the financial holdings are initially recorded at their acquisition cost and then adjusted according to the changes in the Company's share of the net assets of those entities after the acquisition, less any impairment. The Company's results include its share of the results of these entities.

Financial investments in foreign entities are converted into euros using the exchange rates in force at the balance sheet date, and the Company's participation in the results of these entities is calculated based on the average exchange rate in the period. The exchange rate difference resulting from the translation of the financial statements of foreign entities is recorded in equity under the heading "Adjustments in financial assets" and is recognised in profit or loss at the time the foreign entity is sold or the investment is otherwise transferred. The exchange rates, in relation to the Euro, used in the conversion of the financial statements of the main foreign operations (held directly or indirectly by PHAROL) are as follows:

Final		
Currency	2023	2022
Real	5,3618	5,6386
USD	1,1050	1,0387

Financial investments are valued whenever there are indications that the asset may be impaired, and impairment losses that are shown to exist are recorded as expenses in the income statement.

Gains obtained in transactions with subsidiaries, associates and joint ventures related to assets held by them are eliminated in proportion to the Company's interest in them, in return for the corresponding investment item, within the scope of the application of the equity method.

Capital gains arising from the sale of investee companies within the Group are deferred or cancelled until the moment of their sale to third parties. If capital gains have been deferred, their recognition in profit or loss is recorded under the heading "Gains/(losses) on investee companies", to the extent that the *goodwill* or assets and liabilities identified in the purchase price allocation process are recognised in profit or loss by the acquiring company.

Ancillary instalments and financing loans granted to subsidiaries, associates and joint ventures are recorded at nominal value, minus adjustments for estimated losses, when losses in the value of such loans are anticipated.

3.4. Accrual bases of accounting

The Company records its income and expenses in accordance with the accrual accounting regime, whereby income and expenses are recognized as they are generated or incurred, regardless of when they are received or paid, respectively.

With regard to the recognition of tax expenses levied on the acquisition of external services (e.g. non-deductible value added tax), the amounts are classified as indirect taxes.

3.5. Income tax

Income tax corresponds to the sum of current tax and deferred tax, which are recorded in profit or loss except when they relate to items recorded directly in equity, in which case they are also recorded in equity.

The income tax estimate is based on the estimate of the taxable amount in terms of corporate income tax, based on the tax rate applicable in Portugal, plus the municipal and/or state surcharge depending on the tax profit calculated (Note 10).

The income tax for the year recorded in the financial statements is calculated in accordance with the recommendations of the "*NCRF 25 Taxes on Income*". In the measurement of income tax expenses for the year, in addition to the current tax determined on the basis of the pre-tax profit adjusted in accordance with the tax legislation, the effects resulting from the temporary differences between the pre-tax income and the taxable profit arising in the year or in previous years are also considered.

Deferred taxes refer to the temporary differences between the amounts of assets and liabilities for accounting reporting purposes and their amounts for taxation purposes. Deferred tax assets

and liabilities are calculated and assessed annually using the tax rates that are expected to be in effect at the time of reversal of the temporary differences.

Deferred tax assets are recorded only when there are reasonable expectations of sufficient future tax profits to use them. At the balance sheet date, a review of the temporary differences underlying deferred tax assets is carried out in order to recognise previously unrecorded deferred tax assets and/or to reduce the amount of deferred tax assets that are recognised in the light of the current expectation of their future recovery.

3.6. Accounts receivable

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective rate method, less impairment losses.

Impairments for doubtful debts are calculated based on the assessment of the estimated risks arising from the non-collection of accounts receivable and are recognized in the income statement.

3.7. Provisions and contingent liabilities

Provisions are recognized by the Company when there is a present obligation resulting from past events, provided that it is probable that there will be an expenditure of domestic resources for the settlement of that obligation and the amount of that obligation is reasonably estimable. When any of these conditions are not met, the Company discloses the events as contingent liabilities, unless the likelihood of an outflow of funds is remote.

Provisions are recognized for an amount corresponding to the present value of the best estimate, at the reporting date, of the resources needed to settle the obligation. Such an estimate is determined by considering the risks and uncertainties associated with the bond. Provisions are reviewed at the end of each financial year and adjusted to reflect the best estimate at that date.

3.8. Loans obtained

Loans obtained are initially recognized at fair value, net of transaction costs incurred, and subsequently presented at amortised cost using the effective rate method.

3.9. Own shares

Own shares are recorded at their acquisition value as a reduction in equity under the heading "Own shares", and the gains or losses inherent to their disposal are recorded under "Retained earnings".

3.10. Balance Sheet Classification

Realizable assets and liabilities payable more than one year from the balance sheet date are classified as non-current assets and liabilities, respectively, at their present value.

3.11. Foreign Currency Transactions and Balances

Transactions in foreign currency (other than the Company's functional currency, the "Euro") are recorded at the exchange rates in force on the date of the transactions. Assets and liabilities denominated in foreign currency for which there is no exchange fixing agreement are converted into euros using the exchange rates prevailing on the balance sheet date. Exchange rate differences, whether favourable or unfavourable, caused by the differences between the exchange rates in force on the date of the transactions and those in force on the date of collections, payments or the balance sheet date, are recorded as income and expenses in the income statement.

On 31 December 2023 and 2022, assets and liabilities denominated in foreign currency were converted into euros based on the following exchange rates for the Euro, published by Banco de Portugal:

Final		
Currency	2023	2022
Real	5,3618	5,6386
USD	1,1050	1,0387

Medium		
Currency	2023	2022
Real	5,4010	5,4454
USD	1,0813	1,0942

3.12. Financial Assets and Liabilities

Financial assets and liabilities are recognised in the balance sheet when the Company becomes a party to the corresponding contractual provisions and are classified into the following categories: (a) at cost or amortised cost; and (b) fair value, with corresponding changes recognized in the income statement.

(a) Financial assets and liabilities at cost or amortized cost

Financial assets and liabilities that have the following characteristics are classified in the category "at cost or amortized cost": (a) are cash or have a defined maturity; (b) have associated a fixed or determinable return; and (c) are not or do not incorporate a derivative financial instrument.

The financial assets and liabilities considered in this category are measured at amortised cost less accumulated impairment losses (in the case of financial assets) and correspond essentially to the following items of assets and liabilities on the Company's balance sheet:

- Loans obtained
- Other Accounts Receivable and Payable
- Other financial assets and liabilities
- Cash and cash equivalents
- Accrual creditors

- Suppliers

The amortized cost is determined using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future payments or receipts during the term of the financial instrument into the net carrying amount of the financial asset or liability.

(b) Financial assets and liabilities at fair value

All financial assets and liabilities not included in the "at cost or amortised cost" category are classified in the "at fair value" category. These financial assets and liabilities are mainly derivative financial instruments. Changes in the fair value of these derivatives are recognised in shareholders' equity or profit or loss, depending on whether or not these derivatives meet the hedging criteria, respectively. Changes in fair value recognised in profit or loss are recorded under the heading "Fair value increases/(decreases)" (Note 17). We include in this category the portfolio of investments in bonds and shares measured at fair value with the changes recognized in results.

(c) Impairment of financial assets

Financial assets classified in the "at cost or amortised cost" category are subject to impairment tests at the end of each financial year. Such financial assets are impaired when there is objective evidence that, as a result of one or more events occurring after their initial recognition, their estimated future cash flows will be affected.

For financial assets measured at amortised cost, the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated new future cash flows discounted at their original effective interest rate. For financial assets measured at cost, the impairment loss is the difference between the carrying amount of the asset and the best estimate of the asset's fair value.

Subsequently, if a decrease in impairment loss occurs as a result of an event that took place after the initial recognition of the loss, the impairment shall be reversed by profit or loss. The reversal is made up to the limit of the amount that would have been recognised (at amortised cost) if the loss had not been recorded in the first place.

(d) Derecognition of financial assets and liabilities

The Company derecognises financial assets only when its contractual rights to the cash flows from those assets expire, or when it transfers the financial assets and all significant risks and benefits associated with holding them to another entity. The Company derecognizes financial liabilities only when the corresponding obligation is settled, cancelled or expires.

3.13. Key Accounting Estimates and Judgments

In preparing the financial statements in accordance with the NCRF, the Company's Board of Directors uses estimates and assumptions that affect the implementation of policies and the amounts reported. Estimates and judgments are continually evaluated and are based on experience of past events and other factors, including expectations regarding future events considered likely in light of the circumstances on which the estimates are based or the result

of information or experience gained. The most significant accounting estimates reflected in the financial statements are as follows:

- a) Valuation** of the investment in Oi – On May 5, 2014, the Company valued the new stake in Oi, acquired as a result of the business combination made at that time with Oi, based on the price of Oi's shares in the capital increase carried out on this date, having, as of this date, appropriated its share in Oi's results through the application of the equity method. In addition, as of September 8, 2014, the portion of the investment in Oi to be delivered under the Exchange Agreement was classified as a non-current asset held for sale and measured at fair value from that date, until the execution of the exchange on March 30, 2015. Until December 2017, this investment was valued by the equity method. From that date and in particular on 31 December 2023 and 2022, the valuation of the investment held in Oi was based on its market value, namely the stock market price, given that PHAROL lost the significant influence it held.
- b) Valuation of the Rio Forte instrument** – On March 30, 2015, the Rio Forte instruments were obtained following the execution of the exchange for Oi shares. On that date, after consultation with the market, the Company valued the instrument at 15% of its notional value. This valuation was revised on September 30, 2016, with a reduction in the notional value to 9.56% and on December 31, 2017 and 2019, to 8.32% and 7.02% respectively. On December 31, 2020, there was a new downward revision of the recovery of the nominal value to 5.79%, which is equivalent to a reduction of 11.1 million Euros to the amount of 51.9 million Euros. At 31 December 2023 and 2022, this figure remained unchanged (see Note 7).
- c) Recognition of provisions and adjustments** – PHAROL SGPS is a party to several ongoing legal proceedings for which, based on the opinion of its lawyers, it has held a trial to determine the recognition of any provision to address these contingencies. Adjustments to receivables are calculated mainly on the basis of the age of the accounts receivable, the risk profile of customers and their financial situation.
- d) Valuation of the investment portfolio** – PHAROL subscribed to two investment portfolios in financial assets in August 2022 and two more in August 2023, composed mostly of asset groups of Bonds and Shares of listed companies. The portfolios are managed by a banking entity that has the discretionary power to buy and sell the assets that compose it, with which a contract has been signed that presupposes the maintenance of these portfolios for a period of more than one year. These financial assets are part of a portfolio of identified financial instruments for which there is evidence of a recent pattern of profit-taking in the short and medium term. At the time of initial recognition, they are recorded at acquisition cost and subsequently at fair value, with changes in fair value recognised in profit or loss. As of December 31, 2023, the valuation of this portfolio is €25.82 million, resulting in a positive variation of approximately €1.1 million, recognised in the profit and loss account (see Note 7).

The estimates have been determined on the basis of the best information available at the time of preparation of the financial statements, however, situations may occur in subsequent periods which, although not foreseeable at the time, were not considered in these estimates. As provided in "NCRF 4 Accounting Policies, Changes in Accounting Estimates and Errors" ("*NCRF 4*"), changes to these estimates, which occur after the date of the financial statements, are corrected in results on a forward-looking basis.

3.14. Events occurred after the balance sheet date

Events that occur after the balance sheet date and provide additional information on conditions that existed at the balance sheet date are reflected in the financial statements. Events after the balance sheet date that provide information on conditions that occur after the balance sheet date are not reflected in the financial statements and are only disclosed if they are considered material.

4. Cash Flows

The item "Cash and cash equivalents" in the statement of cash flows includes cash and immediately callable bank deposits.

The Company is subject to a liquidity risk if funding sources, such as cash equivalents, operating cash flows and cash flows from divestment and financing operations, do not meet existing needs, such as cash outflows related to operating activities, investments, shareholder remuneration and debt repayment. The Company understands that it has the capacity to meet its obligations.

The cash flow statement was prepared in accordance with the "NCRF 2 - Cash Flow Statement", with emphasis on the aspects described below.

(a) Receipts from Financial Investments

In 2023 and 2022, the receipts from financial investments refer to capital reductions of PHAROL's direct subsidiary, Bratel BV.

(b) Cash and cash equivalents

At 31 December 2023 and 2022, this item was composed as follows:

	2023	Euros 2022
Cash	3,982	4,667
Bank deposits immediately available	17,031,757	18,780,347
	17,035,740	18,785,014

5. Accounting policy changes, estimates and errors

No new or revised standards or interpretations were adopted during the financial year 2023, there were no voluntary changes to other accounting policies and no changes to accounting estimates.

In the 2023 financial year, the Company did not adjust its financial statements for any corrections of material errors from prior years.

6. Equity Investments

Equity method

During the financial years 2023 and 2022, the movements under this heading were as follows:

			Euros
			2023
Equity shares in subsidiary companies			
	Oi Shares (Fair Value)	Equity (net of investment in Oi)	Total
Opening Balance	3,954,140	2,206,753	6,160,893
Net Income Subsidiaries	-	(163,104)	(163,104)
Reductions/Increases	(623,733)	-	(623,733)
Sale of stake	(3,199,545)	-	(3,199,545)
C, Own amendments	-	(1,850,454)	(1,850,454)
Closing balance	130,863	193,195	324,056

			Euros
			2022
Equity shares in subsidiary companies			
	Oi Shares (Fair Value)	Equity (net of investment in Oi)	Total
Opening Balance	38,565,494	1,346,997	39,912,489
Net Income Subsidiaries	-	(126,596)	(126,596)
Reductions/Increases	(19,705,000)	-	(19,705,000)
Sale of stake	(14,906,353)	-	(14,906,353)
C, Own amendments	-	986,351	986,351
Closing balance	3,954,140	2,206,753	6,160,893

In the 2023 and 2022 fiscal years, the movements that occurred in shares of capital in subsidiary and associated companies are due to the application of the equity method of the subsidiaries, and result essentially from the evolution of the price of the indirect participation of 0.18% in Oi's capital, as referred to in note 1. (e), 2. and 3.13a).

7. Other Financial Assets

As at 31 December 2023, this item essentially includes: 1) an estimated future recovery of approximately €51.9 million relating to the debt instruments issued by Rio Forte, and (2) portfolios of financial investments in assets in the amount of approximately €25.82 million.

1) Rio Forte

With regard to the debt instruments issued by Rio Forte, after becoming aware of the Report of the Judicial Administrators in the insolvency proceedings of Rio Forte (Rapport n°4 des Curateurs), dated 31 August 2016, available at www.espiritosantoinsoencies.lu, PHAROL initiated steps to ascertain the financial, accounting and legal implications of what is contained in its point 2.1.6., which is transcribed in free translation:

"Predictable recovery

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

It cannot be ruled out that the judicial attachment and any rights of third parties involved may prevent the bankruptcy estate from recovering and distributing certain assets for a long time, or even permanently. In fact, it cannot be ruled out that the judicial authorities may have as their objective the confiscation of the assets now seized."

PHAROL's Board of Directors, after due diligence and supported by the analysis of its advisors, concluded, on that date, on a principle of prudence, that the expected values of recovery of assets by the insolvent estate and, consequently, by PHAROL with Rio Forte had reduced. PHAROL's investment in Rio Forte's securities was initially valued at fair value upon its initial recognition on March 30, 2015, and was subsequently measured at amortised cost less any impairment losses. Based on the basic principles set out in IAS 39 (currently IFRS 9) and the available information, the Management used its judgment in defining assumptions that culminated in a valuation of the credit on Rio Forte by 85.7 million Euros as of December 31, 2016. This reflected an appreciation of around 9.5% of the nominal value, compared to approximately 15% of the nominal value at 31 December 2015, which led to the accounting of an impairment in the amount of €48.8M.

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

In April 2019 and 5 years after the filing of the credit complaint against Rio Forte, a new report by the Judicial Administrators was released on April 30, which essentially pointed to: 1) postponement of the results of the conclusion of the administrative analysis of the debt statements; and 2) downward revision of the value of Rio Forte's assets in Latin America. Thus, and based on these new factors, the valuation of debt recovery was, once again, revised downwards, with a 7.19% recovery of the nominal value, which is equivalent to a reduction of 10.1 million Euros to the amount of 64.5 million Euros. Also in the 2019 financial year and

after the analysis of the last report issued by the Judicial Administrators, with effect from 31 December 2019, that value was, once again, revised downwards, and the recovery of the nominal value was set at 7.02%, which is equivalent to an additional reduction of 1.5 million Euros for a total recovery amount of 63 million Euros. On December 31, 2020, a new downward revision was made to recover the nominal value to 5.79%, essentially justified by the depreciation of the assets held by Rio Forte in Latin America, which is equivalent to a reduction of 11.1 million Euros to the amount of 51.9 million Euros.

On November 16, 2023, the Trustees of Rio Forte decided that the insolvency claim of Rio Forte Investments filed by PHAROL will be submitted, as a measure of prudence, to the Court of Luxembourg for a decision on its admission to the insolvency liability, because, using the words of the Trustees, the claim of PHAROL does not appear to fully comply with all legal requirements.

As of December 31, 2023 and to date, no arguments or information to substantiate the decision of the trustees taken on November 16 have yet been submitted and delivered to PHAROL. Thus, with regard to the insolvency proceedings of Rio Forte in Luxembourg, PHAROL continues to consider that no significant progress has been made and no reasoned order has yet been issued that could lead to a change of judgment and valuation considered so far.

As of December 31st, 2023, considering the maintenance of the main valuation factors of Rio Forte's Assets and with no evolution in the amount of debts claimed, the expected recovery value of Rio Forte's nominal debt remained unchanged at 5.79% equivalent to 51.9 million Euros.

In addition, in order to compensate for the losses resulting from the insufficiency of assets in Rio Forte's bankruptcy estate to fully satisfy Pharol's credit, in accordance with the decision of the General Shareholders' Meeting in 2015, several actions were taken, which we detail below:

Actions Against Former Directors

Proposed Liability action against former directors, having requested the joint and several order of the Defendants to pay compensation corresponding to the difference between €897 million euros, the amount of the investment in Rio Forte's commercial paper instruments decided by them, and the amount that will be received in the context of the insolvency proceedings and other damages that may be determined. The Defendants presented their defences and requested the main intervention of several third parties, including the Insurance Company. The Defendants invoked the existence of a preliminary ruling and requested a stay of proceedings. On 18.01.2018, the Court ordered the stay of the proceedings until the action for annulment of corporate resolutions that is pending before the Commercial Court of Lisbon is decided. This action, however, was definitively dismissed, so that Pharol, on 27.06.2019, applied to the court for a declaration that the stay of proceedings be terminated. No decision has yet been made on this order, so the action remains suspended.

In mid-2020, the Court ordered that a certificate of the judgment delivered in the preliminary ruling be added to the file, which was the case, but did not issue any new order. There was no evolution in 2021 or 2022. As a result, the procedural acceleration was requested under the terms of the Law, as soon as the Courts opened on September 1, 2023.

In 2016, a new liability action was filed against the former directors, seeking the implementation of financial reporting and internal control systems that made it possible to make investments in debt instruments issued by companies of the Espírito Santo Group by these directors in violation of the company's governance rules and with the ignorance of investors and shareholders, generating high losses. In this Action, the defendants are jointly and severally ordered to pay PHAROL compensation corresponding to €54,900,000.00, plus other damages that may be ascertained, namely in the latest investments that have been made with the procedures implemented by the defendants and also for reputational damage and fines and fines resulting from the lack of completeness of the financial reporting documents.

The Defendants presented their defences and requested the main intervention of several third parties, including the Insurance Company. The Court issued an order to stay the proceedings for a preliminary ruling – Proc. No. 23430/15.9T8LSB, which was heard in the Commercial Court of Lisbon – Judge 3, in which the Defendants seek the annulment of the corporate resolution of PHAROL that determined the filing of the present action. That action, however, was definitively dismissed, with the result that the court declared the stay of proceedings to be terminated.

The Court ruled on the intervention in the action as defendants of the other members of the audit committee of Pharol, which the Defendants had requested, and rejected this claim. Two of the Defendants appealed against this rejection, and Pharol counterclaimed.

In the meantime, the court ordered Pharol to respond in writing to the objection raised by the Defendants in the defences, which was done on 11.09.2019.

The appeal was upheld, and the other members of the Audit Committee were summoned, who lodged a joint defence on 2 November 2020. In their defences, the defendants requested the intervention of the insurers to which they transferred the civil liability arising from the acts performed in the exercise of their functions, as the initial Defendants had done.

A decision on the intervention of the insurers is awaited. No change until December 31, 2023.

Actions against Former Auditor

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

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

In this action, the Defendants are jointly and severally ordered to pay PHAROL compensation corresponding to the difference between €897 million and the amount they will receive in the context of the insolvency proceedings of Rio Forte and other damages that may be determined in execution of the judgment, resulting either from reputational damage or compensation, fines and fines in which the plaintiff may be convicted in cases of lack of quality legally required for PHAROL's financial reporting documents in the periods from 2010 to June 30, 2014.

The Defendants filed a defence, and the intervention of the Insurance Company was requested, which was admitted.

Pharol filed a supervening pleading on 09.13.2022, based on the conviction of Deloitte in an administrative offence proceeding initiated by the Portuguese Securities Market Commission, which has not yet been admitted.

Deloitte refused to produce the working documents, citing professional secrecy. The court agreed with him. Pharol appealed against that decision, and the Court of Appeal ruled in favour of Pharol by ordering the documents to be attached in 2023. Deloitte appealed to the Court, which is pending.

The Expertise is already underway and will not be completed until the end of 2023.

BES and Banco de Portugal actions

In 2017, Pharol also became an assistant in the BES Universe Process, a status that was recognized by the Court. Subsequently, when charges were filed, Pharol filed a civil claim for compensation for all the losses caused by the fraud practiced by some of the defendants therein, for subscription by Pharol in February 2014 of Commercial Paper issued by Rio Forte in the amount of 897 million euros. As is public, several of the defendants requested the opening of an investigation. A preliminary hearing was held and a remedial order was issued with the determination of the facts, following joint proposals presented. The parties submitted amendments to the evidentiary requirements and expert evidence was admitted.

In 2016, Pharol filed an administrative action against Banco de Portugal, based on the challenge to the "Contingencies" and "Perimeter" Resolutions taken by Banco de Portugal on 29.12.2015, which determine that the contingent or unknown liabilities of BES, towards third parties, with reference to 03.08.2014, were not transferred to Novo Banco or, having been, were retransferred back to BES with retroactive effect from that date. Without any significant progress in recent years, this case has recently been included in a special procedure for speeding up proceedings. According to this mechanism, 5 pilot processes (similar to each other) were designated that will have priority progress and it was determined that the other similar processes will be suspended until the final decision is issued in the pilot processes.

Once delivered, the decision in the pilot cases will serve as the basis for the others. The exclusion of Pharol from the process has been requested and an order on this request is awaited. If the request is granted, Pharol's process will continue its normal course without any suspension until the final decision is rendered.

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

ESI Action

Finally, still related to the Rio Forte case, in December 2017, Pharol became aware of a statement from the Trustees of Espírito Santo International, S.A., ("ESI"), by which they declare that this bankrupt company will evaluate the possibility of suing PHAROL, asking for its order to repay 750 million Euros, without specifying the grounds for that request. On January 28, 2019, as a protective measure to avoid interrupting any limitation period, Pharol was also summoned for proceedings in the Court of Luxembourg by the *Ad-hoc* Curator of ESI – Espírito Santo Internacional, with the complaint that it had received undue payments from ESI in the amount of seven hundred and fifty million euros, alleging, in essence, that (a) the payment should have been made in cash or through "effets de commerce" and not by bank transfers, (b) the payment was abnormal because ESI did not have the necessary funds, (c) Pharol was aware of ESI's state of insolvency and (d) the payment was part of a fraudulent scheme. Subsequently, Pharol's lawyers in Luxembourg, Schiltz & Schiltz, submitted a preliminary opinion that ESI's claims were totally unfounded, both in fact and in law.

After analyzing the summons referred to above and in conclusion, PHAROL and its Lawyers consider the probability of any conviction under the terms intimated being very remote, based on the alleged facts, and the process has not been initiated in court to date. Accordingly, PHAROL did not make any provision in its financial statements in this case.

2) **Investment Portfolios**

PHAROL subscribed to two financial asset investment portfolios in August 2022 and two more in August 2023, composed mostly of Bonds and Shares asset groups of listed companies. The portfolios are managed by banking entities that have the discretionary power to buy and sell the assets that compose them, with which a contract has been signed that presupposes the maintenance of these portfolios for a period of more than one year. These financial assets are part of a portfolio of identified financial instruments for which there is evidence of a recent pattern of profit-taking in the short and medium term. At the time of initial recognition, they are recorded at acquisition cost and subsequently at fair value, with changes in fair value recognised in profit or loss. For these assets, as at 31 December 2023 the change in the fair value of the portfolio is as follows:

Fair Value Change of the Portfolio	
	Euros
Portfolio value as of December 31, 2022	9,689,577
Acquisition of Two More 15 M Portfolios in August 2023	15,000,000
Portfolio value as of December 31, 2023	-25,822,428
Var. Fair Value – Losses or (gains) in Oct. Non-current assets	(1,132,854)

For these assets, as of December 31, 2023 and 2022, the portfolio is composed as follows:

	Euros	
	2023	2022
Asset Group		
Liquidity	466,505	317,952
Public debt	355,650	
Investment Grade Bonds	20,278,692	8,079,187
High Yield Bonds and Emerging Markets	3,230,244	
Shares	1,491,337	1,292,438
	25,822,428	9,689,577
Group by Geographic Allocation		
Europe (ex-UK)	14,463,458	4,805,606
USA	5,367,817	2,333,658
Other Developed	1,308,846	987,162
United Kingdom	3,090,799	757,526
Japan	819,260	479,855
Liquidity	466,505	317,952
Others in Development	97,409	0
Not classified	208,334	7,819
	25,822,428	9,689,577
Group by Sector Allocation		
Financial	12,476,979	4,505,182
Funds	2,121,467	1,163,238
Consumer Cyclical Goods	4,176,044	1,824,659
Non-cyclical consumption	1,570,499	394,214
Industry	962,137	337,521
Communications	950,516	345,030
Raw Materials	486,360	430,180
Liquidity	466,505	317,952
Energy	417,758	16,616
Other	406,892	159,419
Public debt	355,650	0
Technology	97,304	0
Utilities	1,334,317	195,566
	25,822,428	9,689,577

8. Related parties

8.1. Financial investments in subsidiaries and associates

In 2023 and 2022, the financial holdings in subsidiary and associated companies refer exclusively to PHAROL's direct shareholding in Bratel B.V.

8.2. Other information

During the periods ended December 31, 2023 and 2022, the fixed remuneration of the directors, which were established by the Remuneration Committee, amounted to 332 thousand Euros and 368 thousand Euros, respectively. In addition to the aforementioned amounts, the remuneration of Administrator Ana Cristina Dias paid directly to Novo Banco, a shareholder she represented until her resignation with effect from May 2023.

As of 31 December 2023 and 2022, no share-based payment programme or end-of-service compensation programme was in place.

In the year ended December 31, 2023, the fees of the Statutory Auditor of PHAROL amounted to 38.1 thousand euros and correspond to audit fees related to PHAROL.

For additional information related to the remuneration of the members of the Board of Directors and managers, readers refer readers to the Corporate Governance Report included in the Consolidated Report and Accounts.

9. Income taxes

In 2023, companies located in mainland Portugal are taxed under Corporate Income Tax at the base rate of 21.0% plus (1) a Municipal Surcharge of up to a maximum of 1.5% on the taxable income, and (2) a State Surcharge of 3.0% applicable on taxable income between €1.5 million and €7.5 million, 5.0% applicable on taxable profit between €7.5 million and €35 million, and 9.0% applicable on taxable profit exceeding €35 million, resulting in an aggregate maximum rate of approximately 31.5% for taxable profits exceeding €35 million. In the calculation of taxable income, to which the tax rate is applied, expenses and income not accepted for tax purposes are added or deducted from the accounting results.

According to the legislation in force, tax returns are subject to review and correction by the tax authorities for a period of four years (five years for Social Security) except when there have been tax losses, tax benefits have been granted, or inspections, complaints or challenges are ongoing, in which case, depending on the circumstances, Deadlines are extended or suspended.

10. State and other public entities

As of December 31, 2023 and 2022, the outstanding and creditor balances with the State and Other Public Entities are composed as follows:

	Euros	
	2023	2022
Current taxes		
Operations in Portugal		
Value Added Tax (VAT)	19,431	10,433
Corporate Income Tax	10,051	29,938
Personal Income Tax	18,544	19,971
Social security	77,666	62,735
	125,692	123,076

As a tax loss was calculated in the financial years 2023 and 2022, the income tax indicated above reflects only the autonomous taxation levied on expenses with light vehicles and representation expenses.

11. Equity

11.1. Share capital

As of December 31, 2023, the Company's share capital was fully paid-up and amounted to 26,895,375 euros, represented by 896,512,500 ordinary shares, with a nominal value of 3 euro cents each.

11.2. Own shares

As at 31 December 2023 and 2022, the composition of this item shall be as follows:

	Euros	
	2023	2022
Shares held by PHAROL	164,809,193	164,809,193
	164,809,193	164,809,193

As of December 31, 2023 and 2022, PHAROL holds 74,689,552, corresponding to 8.33% of its share capital.

11.3. Legal reserve

The commercial legislation and the Company's articles of association establish that at least 5% of the annual net income must be allocated to the reinforcement of the legal reserve until it represents 20% of the share capital. This reserve is not distributable except in the event of liquidation of the company, but can be used to absorb losses after all other reserves have been exhausted, or to be incorporated into the capital.

As of December 31, 2023, the legal reserve was fully constituted in accordance with the commercial legislation in force, amounting to 6,773,139 euros.

11.4. Other reserves

The composition and movements under this heading during the financial years 2023 and 2022 are as follows:

	Euros			
	Free reserves	Reservation of canceled own shares	Reservations- Investments in Own Shares	Total
Balance as of December 31, 2021	92,503,718	6,970,320	164,809,194	264,283,232
Transfer to reserves for own shares	-	-	-	-
Transfer to Retained Earnings	(21,347,517)	-	-	(21,347,517)
Balance as of December 31, 2022	71,156,201	6,970,320	164,809,194	242,935,715
Transfer to reserves for own shares	-	-	-	-
Transfer to Retained Earnings	-	-	-	-
Balance as of December 31, 2023	71,156,201	6,970,320	164,809,194	242,935,715

11.5. Adjustments in financial assets

During the financial years 2023 and 2022, the movements under this heading were as follows:

	Euros		
	Currency translation adjustments	Other changes in equity	Total
Balance as of December 31, 2020	(135,587,303)	10,185,815	(92,122,395)
Equity (Note 6)	340,866	(71,033,034)	(70,692,167)
Balance as of December 31, 2021	(135,246,437)	(60,847,219)	(162,814,562)
Equity (Note 6)	(5,451,203)	(14,253,797)	(19,705,000)
Balance as of December 31, 2022	(140,697,640)	(75,101,016)	(182,519,563)
Equity (Note 6)	118,636	(742,368)	(623,733)
Balance as of December 31, 2023	(140,579,004)	(75,843,384)	(183,143,296)

11.6. Application of earnings

In the year ended December 31, 2023, a negative net result was recorded in the amount of 967,192 euros, it is proposed that they be transferred to Retained Earnings of the Company.

In the year ended December 31, 2022, a negative net result was recorded in the amount of 2,509,260 euros, it is proposed that they be transferred to the Company's Retained Income.

12. Suppliers

As at 31 December 2023 and 2022, this heading is composed as follows:

	Euros	
	2023	2022
Suppliers	103,522	118,773
	103,522	118,773

13. Accruals

As at 31 December 2023 and 2022, this heading is composed as follows:

	Euros	
	2023	2022
Supplies and external services	95.239	251.409
Other staff charges	153.892	179.086
	249.131	430.495

14. Gains/(losses) on investee companies

For the financial years 2023 and 2022, this heading is composed as follows:

	Euros	
	2023	2022
Gains/(Losses) on investee companies	65.633	(126.596)
	65.633	(126.596)

a) See note 6

15. Supplies and external services

For the financial years 2023 and 2022, this heading is composed as follows:

	Euros	
	2023	2022
Specialized work	577.199	508.878
Insurance	274.495	298.982
Travel and Stays	18.331	18.051
Other	124.460	153.533
	994.484	979.444

In 2023, the increase in the supplies of external services was mainly due to the increase in specialized work, an item where legal advice fees for monitoring ongoing legal proceedings assume greater weight.

Regarding the auditors' fees, BDO & Associados, SROC, Lda., for the work for 2023, the amount was 38,100 euros, to which VAT is added at the legal rate in force.

16. Wages and salaries

For the financial years 2023 and 2022, this heading has the following composition:

	Euros	
	2023	2022
Fixed and variable remuneration	688.830	757.003
Social charges	131.116	152.782
Other	29.162	28.394
	849.109	938.178

In 2023 and 2022, the average number of employees was 17.

In 2023, the reduction in the value of personnel costs is mainly due to the proposal in 2022 of the company's Governing Bodies to reduce their own salaries by around 20%.

17. Fair value increases/decreases

This item refers to the change in the fair value of the Debt Instruments issued by Rio Forte and the investment portfolio initiated in August 2022 in the amount of €10 million, with an increase of €15 million in 2023, and presents the following composition in the financial years 2023 and 2022:

	Euros	
	2023	2022
Losses on financial assets and other investments, net	1,132,854	(310,426)
	1,132,854	(310,426)

On December 31, 2023 and 2022, the investment portfolios increased by €1.1 million and decreased by €310 thousand, respectively (Note 7).

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

18. Net result per share

Net income per share for the financial years 2023 and 2022 was calculated as follows:

	Euros	
	2023	2022
Result of continuing operations	(967.192)	(2.509.260)
Diluted net income	(967.192)	(2.509.260)
Average number of common shares outstanding in the period	821.756.654	821.756.654
Basic and Diluted	(0,00)	(0,00)

19. Other Accounts Payable and Guarantees

PHAROL, as a result of having been the dominant company of the consolidated tax of the PT Group, currently has a series of tax assessments from the years prior to 2014 still in dispute. In May 2014, and in view of the business combination agreement signed between PHAROL and Oi S.A., all liabilities inherent to these tax settlements became the responsibility of Oi, and PHAROL was jointly and severally liable.

Thus, PHAROL currently has active counter-guarantees to face risks of unfavorable court decisions, namely, Bank Guarantees, Oi Guarantees, and balance sheet balances.

On the other hand, on 31 December 2023 and 2022, the Other Current Liabilities item includes amounts of refunds from the Tax Authority, the value of which has been scrutinised in order to consider different technical and legal analyses that, eventually, may lead to another type of qualification in the future.

Additionally, as of December 31, 2023 and 2022, the amount of Bank Guarantees is composed as follows:

	euros	
	2023	2022
Bank guarantees and other guarantees provided to tax authorities and other public bodies	84,617,476	84,617,476
	84,617,476	84,617,476

(i) The bank guarantees and other guarantees submitted to the tax authorities included EUR 85 million as of 31 December 2023 and 2022, related to tax assessments received by PHAROL. The Company challenged those assessments in court and, in accordance with Portuguese law, provided a guarantee, after enforcement proceedings had been instituted, since, in the absence of a guarantee or payment of the contested tax, it would proceed until the seizure of assets sufficient to satisfy the tax assessed. Portuguese law, while always allowing the challenge of taxes assessed ex officio by the tax administration, only suspends the enforcement process if there is payment of the tax or provision of a guarantee. The provision of security thus avoids the payment of the tax before the decision on the challenge or the seizure of assets in enforcement proceedings.

Some of the guarantees previously provided have been cancelled due to the length and expiry of the proceedings. Notwithstanding the expiry and consequent cancellation of part of the Guarantees, most of the tax proceedings remain ongoing, and Oi remains responsible for them, and the total amount may amount to up to 159 million euros. However, any unfavourable decisions will be absorbed by the amounts of tax losses established in the years 2011, 2012 and 2013 and which were not used until 2018, in an amount that is estimated to be up to 13 million euros, thus having the potential to reduce the cases to 146 million euros. Also within the scope of the agreements signed, Oi is also obliged to replace the bank guarantees provided by PHAROL to the Tax Authority with guarantees provided by Oi. In cases where this

substitution was not possible, Oi undertook to provide equivalent guarantees in favor of PHAROL.

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

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

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

In 2023, PHAROL was notified by the Tax Authority of Settlement Notes and Statement of Settlement of Accounts, for the fiscal years 2005, 2006, 2007 and 2008, in execution of a decision rendered in a judicial challenge process, with a favorable outcome to PHAROL's claim. Thus, the value of potential tax contingencies for PHAROL is currently up to €159 million (€392 million in 2022). Of these, the cases with a possible or probable risk of loss for PHAROL amount to around €27 million according to the estimate of the tax advisors.

20. Shareholders with qualifying holdings

The Company understands that it is relevant to disclose the outstanding balances and transactions carried out with its main shareholders, namely those with a qualifying holding above 2% in the share capital of PHAROL, and with all entities reported by these shareholders as part of the respective economic groups. The tables below show the balances as at 31 December 2023 and 2022 and the transactions that took place during the periods ended 31 December 2023 and 2022 between PHAROL and those entities identified as qualifying shareholders and their respective economic groups:

	Euros
	2022
	Cash equivalents
Shareholder	
Novo Banco*	6,166,831
	6,166,831

*Novo Banco sold its entire stake in April 2023, thus ceasing to be a shareholder.

	2023		Euros 2022	
	Costs and losses	Net Interest Earned	Costs and losses	Net Interest Earned
Shareholder				
New Bank	488	24,375	540	1,125
	488	24,375	540	1,125

The payment of the remuneration to Administrator Ana Cristina Ferreira Dias, appointed by Novo Banco, S.A., to perform the position in her own name, which submitted its termination with effect from 31 May 2023, was made directly to Novo Banco and, in 2023 and 2022, the amount paid was EUR 11,666.65 and EUR 29,749.98 plus VAT, Respectively.

21. Events occurring after the balance sheet date

Pharol received in February 2024 a Notification from an Enforcement Agent ("Huissier de Justice") of Luxembourg on behalf of the liquidators of Rio Forte Investments, S.A. (RFI) to appear before the Commercial Court of the Grand Duchy of Luxembourg on April 19, 2024 at 9 a.m. – this session determines the start of the process, Pharol has not yet had to take any position on the case.

This is a request qualified by RFI's liquidators themselves as subsidiary - in relation to the already requested "non-recognition of the claim claimed by Pharol" in the insolvency of RFI in the amount of €918,146,770.80, to declare null and void the payment of €199,631,000 made by RFI on 15 April 2014 directly to Pharol.

The liquidators themselves recall in this new Notification that the insolvency practitioners challenged PHAROL's claim statement for an unsecured claim in the amount of €918,146,770.80, on an alleged "matter of prudence".

From the reading of the Notification received, there are no new arguments that call into question, in Pharol's opinion, supported by the Opinion of its Lawyers, the regularity of the Company's claim on the insolvency of RFI in the amount of €918,146,770.80.

Pharol will keep the market informed of relevant developments in these processes and will not fail to take all necessary and convenient measures to fully defend the interests of all Stakeholders of the Company.

In addition, and in parallel with the Former Directors Proceeding (Note 13), a claim for payment of a total of EUR was received from one of the parties concerned in mid-February 2024. 8.4M for deferred premiums and other compensation, to which would be added interest on late payments of Eur. 3.3M.

Pharol considers that these or any other amounts are not due for the reasons set out in the minutes of the Company's Remuneration Committee reproduced in its 2014 Annual Report.

03. QUALIFYING HOLDINGS

As of December 31, 2023, the qualified shareholders' holdings represented 19.56% of PHAROL's share capital, as follows:

REPORTING DATE	SHAREHOLDERS	No. OF SHARES	% OF CAPITAL	% VOTING RIGHTS
31/05/2012	Oi S.A. *	89,651,205	10.00%	10.00%
* Oi incorporated Telemar S.A. on May 3, 2021.				
	Total attributable	89,651,205	10.00%	10.00%
20/04/2023	Burlington Loan Management DAC	85,665,125	9.56%	9.56%
	Total attributable	85,665,125	9.56%	9.56%

04. INFORMATION TO BE PROVIDED PURSUANT TO ARTICLE 447 OF THE COMMERCIAL COMPANIES CODE

1. Number of shares and bonds issued by PHAROL and by companies that are in a controlling or group relationship held by the members of PHAROL's management and supervisory bodies, as at 31 December 2023:

Board of Directors

- Luís Maria Viana Palha da Silva is the holder of 200,000 shares of PHAROL. He was appointed as a trustee of PHAROL on May 29, 2015.
- Avelino Cândido Rodrigues, appointed by Oi, S.A., to hold office in his own name, is not the holder of any securities of PHAROL or other companies that are in a controlling or group relationship with it. He was appointed as a trustee of PHAROL on February 8, 2019.
- Diogo Filipe Gil Castanheira Pereira is not the holder of any securities of PHAROL or other companies that are in a controlling or group relationship with it. He was appointed as a trustee of PHAROL on November 16, 2023. He is a representative of Burlington Loan Management DAC.
- Maria do Rosário Amado Pinto Correia is the holder of 40 shares of PHAROL. She was co-opted as a trustee of PHAROL on September 2, 2015.
- Maria Leonor Martins Ribeiro Modesto is not the holder of any securities of PHAROL or of other companies that are in a controlling or group relationship with it. She was appointed director of PHAROL on September 7, 2018.
- Pedro Zañartu Gubert Morais Leitão is not the holder of any securities of PHAROL or of other companies that are in a controlling or group relationship with it. He was appointed as a trustee of PHAROL on May 29, 2015.

Fiscal Council

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

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

Managing Director

The Chief Executive Officer, Luís Maria Viana Palha da Silva, is also a member of the Board of Directors.

Statutory Auditors

The Statutory Auditors identified below do not hold shares in PHAROL.

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

2. Transactions on shares and bonds issued by PHAROL, or by companies that are in a controlling or group relationship with it, carried out by the members of PHAROL's management and supervisory bodies:

20/Apr/2023 | Novo Banco, S.A. informed that it proceeded with the sale of 85,665,125 shares, representing 9.56% of the share capital and voting rights of PHAROL.

20/Apr/2023 | Burlington Loan Management DAC informed that it has purchased 85,665,125 shares, representing 9.56% of the share capital and voting rights of PHAROL.

PHAROL, SGPS S.A.



REPORT AND OPINION OF THE FISCAL COUNCIL

REPORT AND OPINION OF THE FISCAL COUNCIL

PHAROL, SGPS S.A.

**Financial year 2023
(individual accounts)**

Dear Shareholders of
PHAROL, SGPS S.A.

In compliance with the provisions of paragraph g) of paragraph 1 of article 420 of the Commercial Companies Code, it is incumbent upon us, as members of the Fiscal Council of "PHAROL, SGPS S.A." (hereinafter "PHAROL"), issue the annual report on our audit action as well as give an opinion on the management report, the individual financial statements and the proposal for the application of results presented by the Board of Directors for the year ended December 31, 2023, as well as our assessment of the respective legal certification of the accounts and the audit report issued by the audit firm.

I. Annual activity report of the Fiscal Council for the financial year 2023

In accordance with the provisions of Article 420(1)(g) of the Commercial Companies Code and Article 8(1)(h) of the Internal Regulations of the Fiscal Council of PHAROL, this body hereby presents the report on the inspection action carried out in the 2023 financial year.

1. The Fiscal Council regularly performed the functions within its competence, through periodic meetings with the heads of the relevant areas and also the additional information and clarifications obtained, including the presentation of the main trends and developments that occurred in terms of the development of PHAROL's management and activity.
2. The Fiscal Council also assessed the financial information produced during the financial year 2023, having carried out the analyses and verifications deemed appropriate and necessary.
3. The work of the Fiscal Council has always consisted of complying with the legally established matters, of permanently monitoring PHAROL's activity, and of verifying that the individual financial statements have been prepared in accordance with the accounting framework in force.
4. During the 2023 financial year, the Fiscal Council met nine times, having developed several actions, of which the following stand out:
 - i) monitoring the quality, integrity and effectiveness of internal control and risk management systems;
 - ii) Supervision of the preparation of individual financial information;

- iii) Verification of the regularity of accounting records and the accuracy of individual accounting documents;
 - iv) Assessment of the accounting policies and valuation criteria adopted by PHAROL for their adequacy and consistency, which aim to ensure the presentation of a true and appropriate picture of the financial position and profit or loss;
 - v) Verification of compliance of individual financial statements with applicable legal requirements;
 - vi) Analysis of individual financial information disclosed.
5. Under the terms of the aforementioned regulation, which defines the rules and procedures to be adopted in the Whistleblowing System, the Fiscal Council took note of the half-yearly reports on the activity carried out by the Qualified Holdings Analysis Group, dated July 11, 2023 and January 4, 2024, and there were no Participations during the 2023 financial year.
6. In compliance with the provisions of paragraph 1 of Article 249 - A of Law No. 50/2020 of August 7, the Fiscal Council gave its favorable opinion to the Service Order in which the procedures applicable to transactions with related parties of 2020 in force are established. In 2023, no transaction with related parties was subject to the prior opinion of the Fiscal Council.
7. The Fiscal Council, within the scope of its functions, exercised its powers in terms of oversight of the qualifications, independence and exercise of functions of the external auditor and statutory auditor, having also met regularly with the latter, who always provided all the technical and accounting clarifications deemed necessary.

It also took note of the results of the audit and external audit work on the individual financial statements for the financial year 2023, which include the balance sheet, the profit and loss account, the statement of changes in equity, the statement of cash flows and its annexes.

The statutory auditor and external auditor followed the process of preparing PHAROL's individual financial statements, informing the Fiscal Council of its conclusions and its agreement with the documents prepared by the Board of Directors.

Through the Additional Report to the Fiscal Council, the Statutory Auditor and External Auditor communicated the relevant aspects of the work carried out and its conclusions.

The Fiscal Council took note of the statutory certification of the accounts on the individual financial information for the financial year 2023, issued with an emphasis by the statutory auditor and external auditor, a document that was agreed to by the Audit Auditor.

It is the understanding of the Statutory Auditor and External Auditor that relevant audit matters consist of:

- i) Measurement of investment in debt securities issued by Rio Forte Investments, S.A.
- ii) Measurement of investment portfolios in financial assets

In these areas, audit procedures and tests have been developed that are considered relevant in the circumstances.

8. In the course of its duties, the Fiscal Council has proven that the report of the Board of Directors refers to the most relevant aspects of the activity during the financial year and is consistent with the individual financial statements for the financial year.

II. Opinion of the Fiscal Council

Pursuant to and for the purposes of Article 29-G(1)(c) of the Securities Code, each of the members of the Fiscal Council declares that, to the best of their knowledge:

- i) the management report, the annual accounts, the statutory certification of the accounts, the audit report and other individual accountability documents for the financial year 2023 have been prepared in accordance with the applicable accounting standards, giving a true and fair view of PHAROL's assets and liabilities, financial condition and results;
- ii) The management report faithfully sets out the evolution of PHAROL's business, performance and position and contains a description of the main risks and uncertainties faced by PHAROL in its business.

On the basis of the above report, the steps taken and the conclusions contained in the statutory certification of the accounts and audit report and the additional report to the Fiscal Council on individual financial reporting, and taking into account the information received from the Board of Directors, the PHAROL services and the Statutory Auditor and External Auditor, we express our agreement with the management report, with the individual financial statements and with the proposal for the application of the individual net income for the financial year 2023, so we are of the opinion that nothing prevents its approval at the General Meeting.

Finally, the members of the Fiscal Council express to the Board of Directors, the main managers and other employees of PHAROL their recognition and gratitude for all the collaboration provided.

Lisbon, 26 February 2024

THE FISCAL COUNCIL

José Eduardo Fragoso Tavares de Bettencourt — President

Isabel Maria Beja Gonçalves Novo — Member

João Manuel Pisco de Castro - Member

PHAROL, SGPS S.A.



**STATUTORY AUDITORS' CERTIFICATION
AND AUDIT REPORT**

STATUTORY AUDITOR'S CERTIFICATION AND AUDIT REPORT

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Pharol, SGPS, SA (Pharol), which comprise the balance sheet as at December 31, 2023 (showing a total of 95 368 595 euro and a total net equity of 68 139 083 euro, including a net loss of 967 192 euro), the income statement, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section below. We are independent of Pharol 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 of matter

The chapter 4 of the Consolidated Annual Report 2023, the notes 1, 3 and 7 to the present financial statements and the notes 13, 21 and 22 to the consolidated financial statements, disclose, on one hand, that the measurement of the debt securities issued by Rio Forte Investments, SA (Rio Forte) reflects the management's best estimate concerning the recoverable amount of those securities and, on the other hand, that: (i) Pharol was summoned, in January 2019, by the Trustees of Espírito Santo International SA (ESI), in view of a possible cancellation of Notes' payments, made by ESI, during the month of January 2014 continuing this process, at the present date, without having been initiated judicially; and (ii) in November 2023, the Trustees of Rio Forte's insolvency process decided to submit the credit claimed by Pharol SGPS, SA, in May 2015, to the Luxembourg Court for a decision on its admission to insolvency liability, having, already in February 2024, presented a subsidiary request to that one, to declare the nullity of the payment made by Rio Forte in

April 2014 to Pharol, SGPS, SA. Pharol considers to be very remote the probability of being able to obtain, based on the alleged facts, any conviction of Pharol SGPS, SA in the terms requested by the ESI Trustees and maintains the conviction of a favourable outcome in the process of recognizing its credits within the scope of the process of Rio Forte's insolvency.

Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	Synthesis of audit response
<i>Measurement of the investment in debt securities issued by Rio Forte Investments, SA</i>	
<p>At March 30, 2015 the debt securities issued by Rio Forte Investments, SA (Rio Forte) were returned to Pharol, following the performance of the exchange contract signed on September 8, 2014 between Oi Group and Pharol.</p> <p>Rio Forte is under an insolvency process taking place in Luxembourg, with high public and media profile. This investment is relevant within the scope of Pharol financial statements and the respective measurement involves significant judgements.</p> <p>Related disclosures: Notes 1, 3 and 7 to the present financial statements and Notes 13, 21 and 22 to the consolidated financial statements.</p>	<p>The audit response involved, in synthesis, the performance of the following procedures:</p> <ul style="list-style-type: none"> • Analysis of the information present in the reports and announcements issued by the Rio Forte insolvency curators; • Analysis of the judgements made by the management in determining the recoverable amount of the debt securities at December 31, 2023; • Circularization of the banks where the debt securities are deposited; • Monitoring of possible developments arising from an announcement issued by the insolvency curators of Espírito Santo International, SA issued in November 14, 2017 and the corresponding subpoena in the meanwhile received in 2019; • Consideration of the response from the Trustees of Rio Forte from November 2023 in which, based on a measure of prudence, they decided to submit to the Luxembourg Court the decision to admit to the insolvency liability the credits claimed by Pharol in a process initiated in May 2015, as well as the subsidiary request presented in February 2024;

Key audit matters	Synthesis of audit response
<i>Measurement of the investment in debt securities issued by Rio Forte Investments, SA</i>	
	<ul style="list-style-type: none"> • Analysis of the report of the independent expert hired by Pharol and Rio Forte's insolvency Trustees to document the financial flows related to the credit claimed by Pharol; • Circularization of the lawyers that handle the insolvency processes and analysis and appraisal of the respective response about the expected outcome for Pharol of the subpoena received from ESI referred before; • Evaluation of the reasonableness of the financial statements' disclosures.
<i>Measurement of investment portfolios in financial assets</i>	
<p>In August 2022 and August 2023, Pharol subscribed with two banks a total of four investment portfolios in financial assets managed by these banks and applied in accordance with previously defined criteria and limits, consisting mainly of groups of bond assets and shares of listed companies.</p> <p>These portfolios correspond to approximately 27% of Pharol, SGPS, SA assets as at December 31, 2023, and are measured at fair value, with fair value variations recognized in profit or loss.</p> <p>The consideration of this matter as relevant for the audit is based on the materiality of the assets.</p> <p>Related Disclosures: Notes 3, 7 and 17 to the present financial statements.</p>	<p>The audit response involved, in synthesis, the performance of the following procedures:</p> <ul style="list-style-type: none"> • Circularization of the banks that manages the investment portfolios; • Obtaining and analysing the Portfolio Management Reports as at December 31, 2023; • Confirmation of compliance by the banking entities with the criteria and limits previously defined by Pharol; • Verification of the adequate form of classification and measurement of this investment; • Substantive tests for validation, by sampling, of the portfolio assets valuation, based on their official quotations; • Evaluation of the reasonableness of the financial statements' disclosures.

Responsibilities of management and of the supervisory body for the financial statements

Management is responsible for:

- (i) the preparation of financial statements that give a true and fair view of the Pharol's financial position, financial performance and cash flows in accordance with Accounting and Financial Reporting Standards adopted in Portugal under the Portuguese Accounting System;

- (ii) preparation of the management report, the corporate governance report and remuneration report in accordance with the applicable laws and regulations;
- (iii) designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or to error;
- (iv) the adoption of accounting policies and principles appropriate in the circumstances; and
- (v) assessing Pharol's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about Pharol's ability to continue as a going concern.

The supervisory body is responsible for overseeing Pharol's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- (i) identify and assess the risks of material misstatement of the 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;
- (ii) 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 Pharol's internal control;
- (iii) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- (iv) 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 Pharol's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Pharol to cease to continue as a going concern;

- (v) evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- (vi) 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;
- (vii) 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 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 their public disclosure;
- (viii) declare to the supervisory body that we comply with the relevant ethical requirements regarding independence and communicate the supervisory body all relationships and other matters that may be perceived as threats to our independence and, where applicable, what measures have been taken to eliminate the threats or what safeguards are applied.

Our responsibility also includes the verification that the information contained in the management report is consistent with the financial statements, and the verification of the requirements as provided in numbers 4 and 5 of article 451.º of the Portuguese Companies' Code, as well as verification that the remuneration report has been presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the management report

Pursuant to article 451.º, n.º 3, al. (e) of the Portuguese Companies' Code, 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 financial statements and, having regard to our knowledge and assessment over Pharol, we have not identified any material misstatements.

On the corporate governance report

Complying with article 451.º, n.º 4, of the Portuguese Companies' Code, in our opinion, the corporate governance report includes the information required to Pharol to provide under article 29.º-H of the Securities Code, and we have not identified material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and l) of n.º 1 of that article.

On the remuneration report

Complying with article 26-G, no. 6, of the Securities Code, we inform that Pharol has included in a separate chapter, in its corporate governance report, the information specified in paragraph 2 of that article .

On the additional matters provided in article 10.º of Regulation (EU) n.º 537/2014

Pursuant to article 10.º of the Regulation (EU) n.º 537/2014 of the European Parliament and of the Council, of 16 April 2014, in addition to the key audit matters mentioned above, we also report the following:

- (i) we were appointed as auditors of Pharol in the shareholders general assembly held on May 29, 2015 for a first mandate from 2015 to 2017. We were appointed for a second mandate, from 2018 to 2020, as auditors of Pharol in the shareholders general assembly held on May 25, 2018, and at the general shareholders' meeting held on April 30, 2021, for a third mandate from 2021 to 2023;
- (ii) 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 scepticism, and we designed audit procedures to respond to the possibility of material misstatement in the financial statements due to fraud. As a result of our work we have not identified any material misstatement on the financial statements due to fraud;
- (iii) we confirm that our audit opinion issued is consistent with the additional report that we prepared and delivered to the supervisory body of Pharol on February 26, 2024;
- (iv) we declare that we have not provide any prohibited services as described in article 5.º, number 1, of the Regulation (EU) No 537/2014 of the European Parliament and of the Council, and we have remained independent of Pharol in conducting the audit;
- (v) we inform that, in addition to the audit, we have not provided to Pharol and to the entities under its control any other services.

Lisbon, February 26, 2024

Ana Gabriela Barata de Almeida,
(ROC nº 1366, registered at the CMVM under no. 20160976)
as representative of BDO & Associados - SROC

Contacts

Investor Relations

Luís Sousa de Macedo

Investor Relations Director

Rua Gorgel do Amaral, nº4, CV Esq^a

1250-119 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.).

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 Gorgel do Amaral, nº4, CV Esq^a 1250-119 Lisboa, Portugal

Tel: +351 21 269 7690

Registered With The Commercial Registry Office Of Lisbon Under No. 503 215 058