

MANAGEMENT REPORT AND ACCOUNTS

1st SEMESTER 2020



ESTORIL SOL SGPS SA

ESTORIL-SOL, SGPS, S.A.

Capital social integralmente realizado 59.968.420 Euros

Sociedade Anónima com sede na Av. Dr. Stanley Ho, Edifício do Casino Estoril, 2765-190 Estoril - Cascais



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BOARD OF THE ANNUAL GENERAL MEETING

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

ADVISORY BOARD

| | |
|----------|---------------------|
| Chairman | - Rui José da Cunha |
|----------|---------------------|

REMUNERATION COMMITTEE

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

BOARD OF DIRECTORS

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

AUDIT BOARD

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

COMPANY SECRETARY

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

STATUTORY AUDITOR

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



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Ínterim Management Report

1st Semester 2020

1. THE COMPANY

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

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

The Company held indirectly through subsidiaries interests in the tourism sector, in particular, in gaming activities at casinos. The Company owns the Game Concessions of Estoril (Casino do Estoril and Casino Lisboa) and Póvoa de Varzim (Casino da Póvoa).

Since July 2016 the Company also began exploring the online gambling activity and sports betting through one of its subsidiaries.

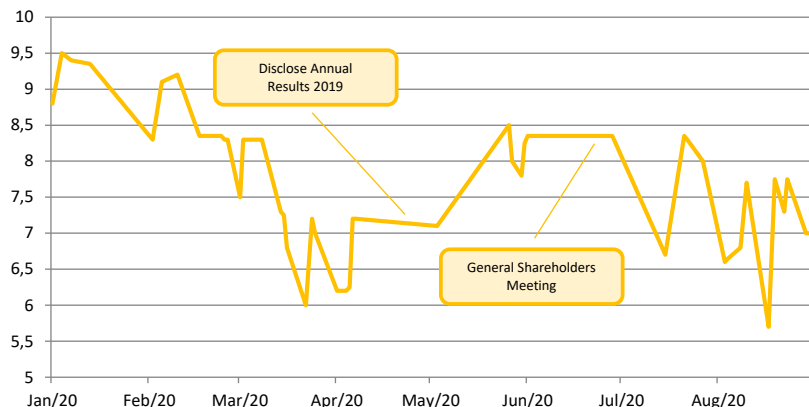
During the first semester of the year we monitor regularly and in detail the current management of the subsidiary companies, giving particular attention to the evolution of game revenues and the negative impacts caused by the Covid-19 pandemic in the gaming sector in Portugal, namely with regard to the rebalancing of game concession contracts and the Government's intention in this regard and also with the ending of the current gaming concessions in Portugal, namely, Estoril and Figueira da Foz..

2. SHARE CAPITAL, SHARES AND DIVIDENDS

At 30th June 2020, the share capital of ESTORIL-SOL, S.G.P.S., S.A. was 59.628.420 Euros, represented by 11.993.684 shares with a nominal unit value of 5 (five).

At the time this report was prepared, ESTORIL SOL, SGPS, S.A. held 62.565 treasury shares, with no trading taking place during the financial year.

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



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

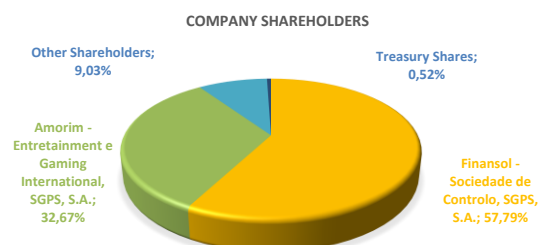
The Company's shares are listed on the Lisbon Stock Exchange since February 14, 1986.

The 2019 Annual Report and Accounts was approved at the General Shareholders' Meeting on June 29th, 2020, which did not provide for the distribution of dividends related to the 2019 financial year..

The price and trading volume of Estoril-Sol, SGPS, SA securities, on the dates of reporting to the market during the first semester of 2019 were according table below:

| Date for disclosing Estoril-Sol, SGPS, S.A. , information | | | | | | |
|---|------------|------|---------------|------|------|-------|
| Disclosure | Date | Qtyd | Price (Euros) | | | |
| | | | Open | High | Low | Close |
| Annual results for 2019 | 30/04/2020 | 38 | 7,10 | 7,10 | 7,10 | 7,10 |
| Annual Shareholders Meeting | 29/06/2020 | 8,35 | 8,35 | 8,35 | 8,35 | 8,35 |

As at June 30th, 2020 the Company had two reference shareholders, which control 90,46% of the share capital, as infographics to the right.



3. ESTORIL-SOL GROUP

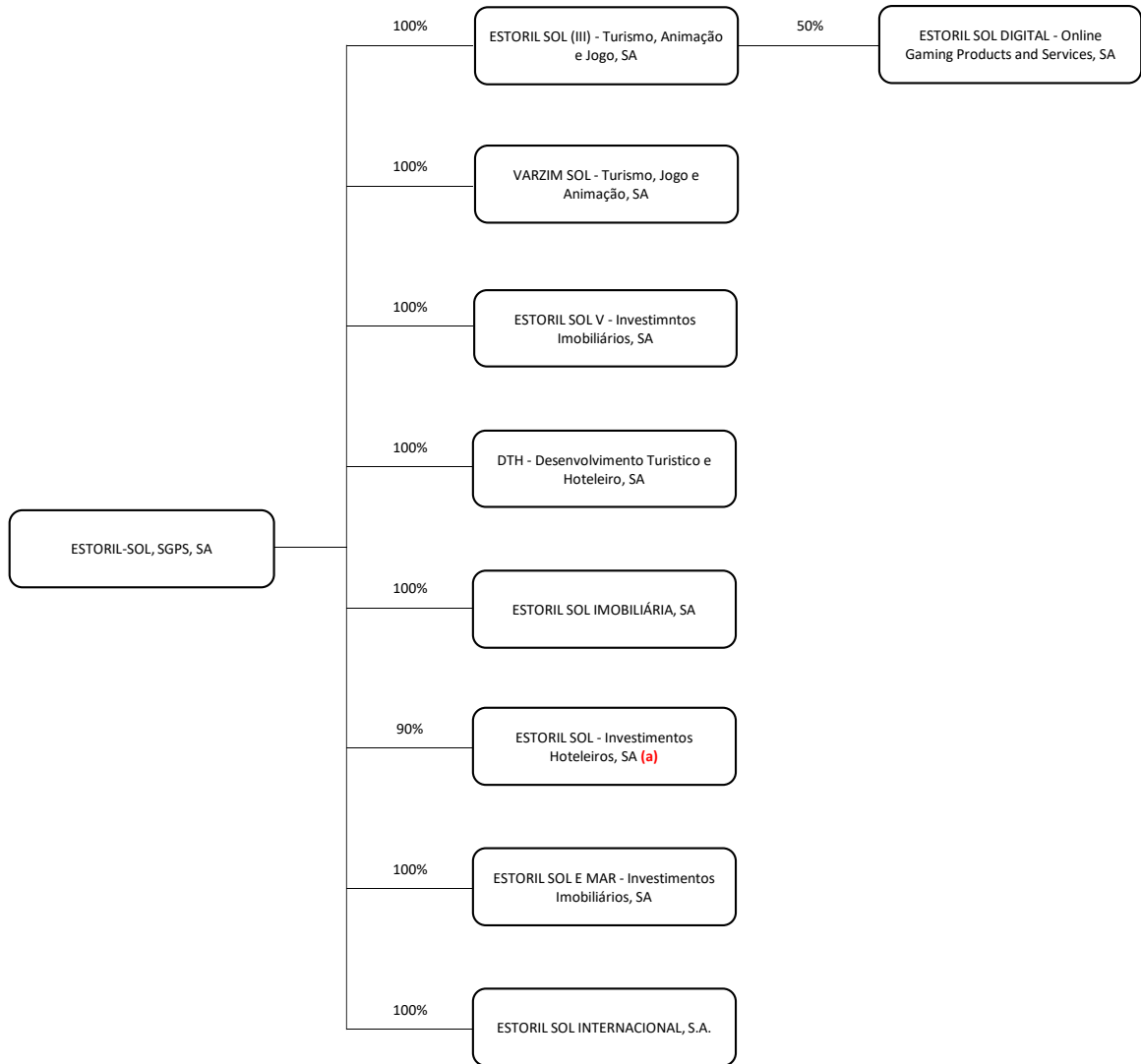
The Group Estoril-Sol focus its activity in the gambling sector. Currently holds two Game Concessions and three physical Casinos, which together represent approximately 61% of the sector in Portugal.

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

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

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

As at June 30th, 2020, Estoril Sol (III) and Vision Gaming Holding Limited both hold a share corresponding to 50% equity of Estoril Sol Digital. However, Estoril Sol (III) maintains the chairman of the Board of Directors and the control of operations is based in Portugal.



(a) - Detém acções próprias correspondentes a 10% do seu Capital Social

On June 30th, 2020, ESTORIL-SOL, SGPS, S.A. had the following stakes in the following subsidiaries:

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

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

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

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

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

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

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

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

ESTORIL - SOL IMOBILIÁRIA, S.A. - With a share capital of EUR 7,232,570, it is 100% owned by ESTORIL SOL, SGPS, S.A.. Its social object is the construction, promotion, management and sale of tourist complexes and real estate.

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

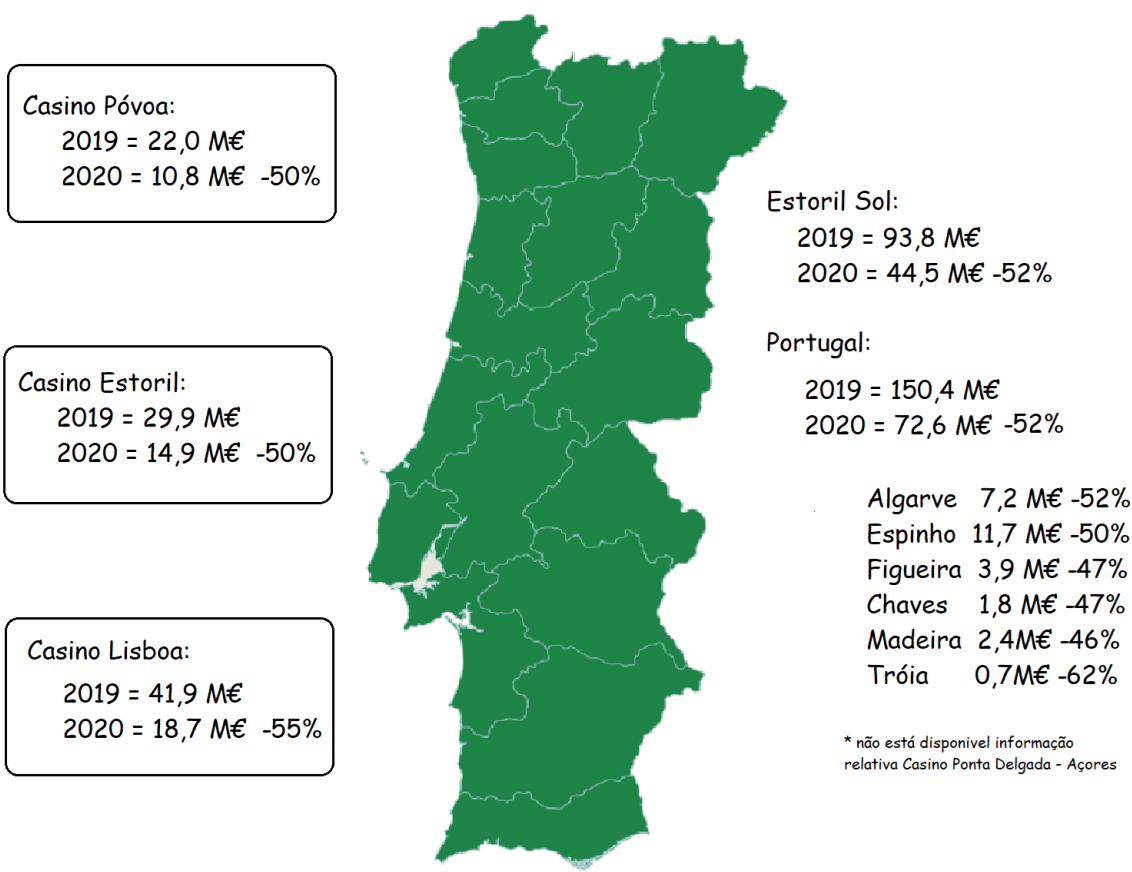
ESTORIL SOL E MAR - Investimentos Imobiliários, S.A. - With a share capital of EUR 1,286,000, is fully paid up by ESTORIL-SOL, SGPS, S.A..

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

4. GAME REVENUES

- TERRITORIAL CASINO GAME REVENUES (without the effect of bonus given)

RECEITA BRUTA JOGO (excluindo efeito de bónus atribuídos)



Important note:

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

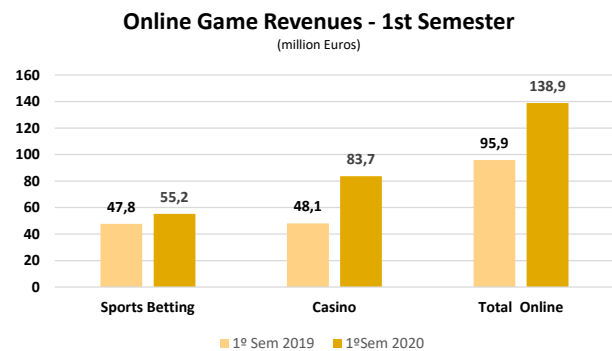
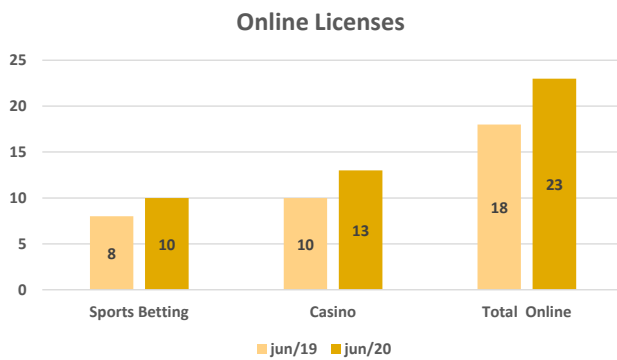
- the legal duty to close the casinos was determined by the Portuguese Government between March 18th, 2020 and June 7th, 2020.
- The opening hours of the casinos in the period between June 8th and June 30th, 2020 was not subject to limitations, being the same as in effect before the epidemiological situation of Pandemic Covid-19. However, as of the 1st of July, there were limitations to the opening hours, as detailed in chapter 8, "Subsequent events".

- **ONLINE GAME (excluding the effect of the game bonus given)**

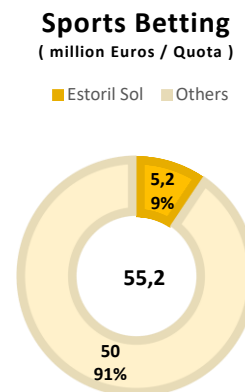
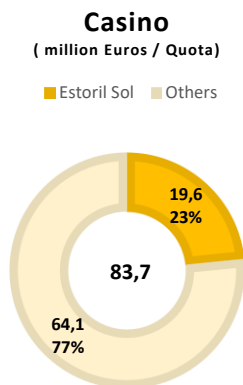
a) The sector in Portugal

As of June 30th, 2020, 14 entities were authorized to legally operate in the online gambling and betting activity in Portugal (one of which was not yet active), 3 more compared to the same period in 2019.

Altogether, those entities hold 23 licenses (10 licenses for sports betting and 13 licenses casino games), 5 more licenses than in the same period of 2019 (8 licenses for sports betting and 10 licenses for casino games).

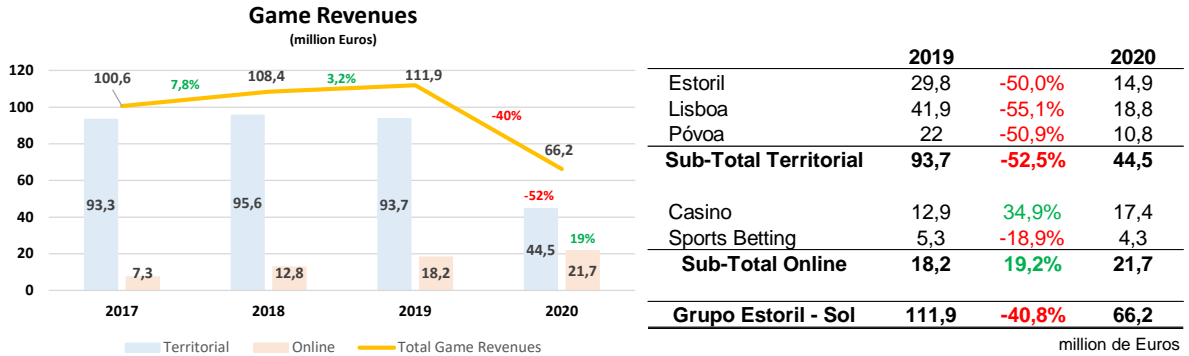


b) The contribution of Estoril-Sol



5. ESTORIL-SOL FINANCIAL ANALYSIS – 1st SEMESTER SUMMARY

♣ Game Revenues

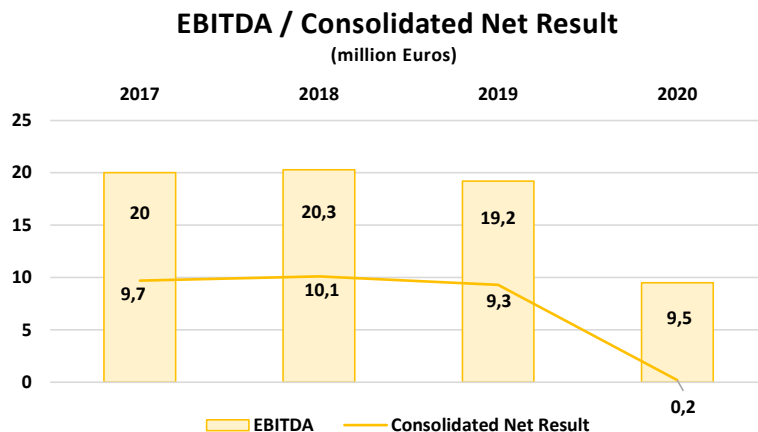


In the first half of 2020, the Group's total game revenues (territorial and online) amounted to 66,2 million Euros, having recorded an overall decrease of 40%. The effects caused by the Covid-19 pandemic significantly affected the evolution of game revenues. The closure of the land base casinos decreed by the Portuguese Government during the period from March 18th to June 7th was responsible for a 52% drop in game revenues from the land base casinos (up to February 2020, they had grown by 6%). In the opposite direction, the containment measures taken to combat the evolution of the Covid-19 pandemic benefited the majority of online commerce and services, with the online game revenues of the Estoril-Sol Group showing a growth rate of 19% compared to identical period of the previous year. Even so, this online growth was not enough to compensate for the loss of revenue from physical casinos as a result of its closure, so the global game revenues of the Estoril-Sol Group decreased, in the first half of 2020, 40% compared to the same period last year.

◆ Group Consolidated Results

In the first semester of 2020 the Group's Consolidated EBITDA decreased by 50% and amounted to 9,5 million Euros.

As at 30th June 2020 the Group reported positive consolidated net results of 0,2 million Euros, an overall decrease of 98% compared to the same period from last year.

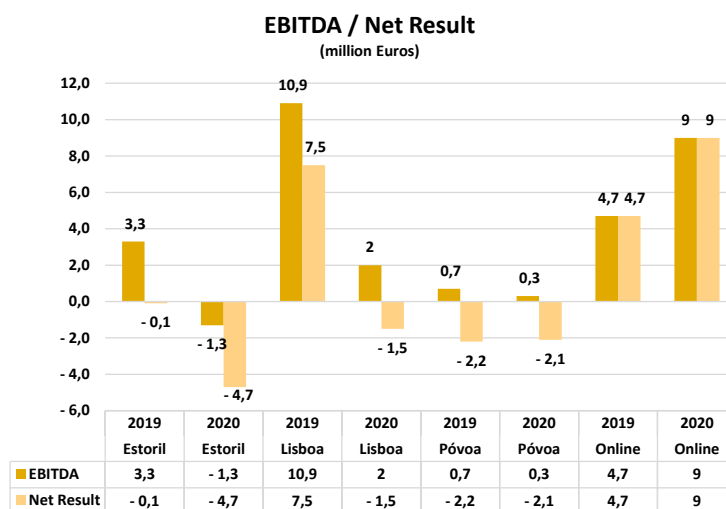


♥ Performance by Segment/Casino

During the first semester of 2020 all of the Group land based casinos worsened their results compared to the same period last year. With the exception of Casino do Estoril, all physical casinos in the Group have positive operating results (EBITDA), even though marginal.

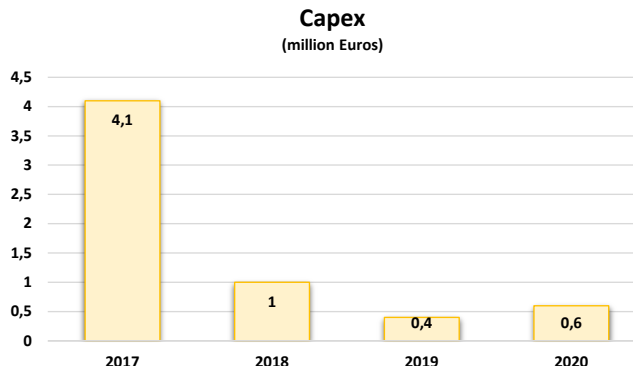
The online operation significantly improved its results in the first half of 2020. This improvement is essentially due to the good performance of the game revenues, which occurred

mainly in the casino games segment, with the sports betting segment being penalized by the absence of sports events as a result of the measures adopted in order to control the Covid-19 pandemic. This segment, sports betting, benefited, however, from the change in game taxation, which was subject to review with the entry into force of the State Budget for the year 2020.



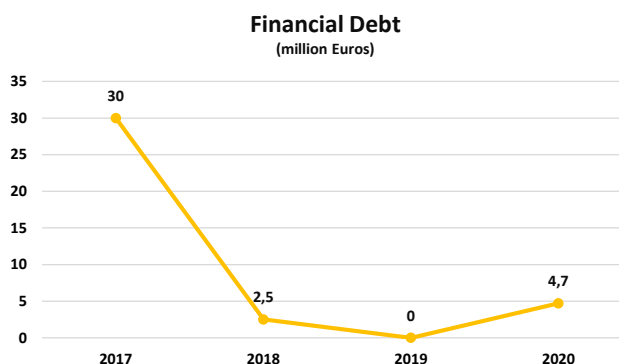
♠ Capex

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



♣ Financial Debt

The Group had been successively reducing its bank liabilities, but this year closure of physical casinos during a significant part of the first half of 2020 forced the Group to increase its credit liabilities in order to be able to honor its commitments, namely the payment of the annual game tax, which is paid by the end of January of each calendar year. Unlike previous years, the operating revenues generated to this date, June 2020, have not yet made it possible to fully reimburse the total amount of the financing contracted for that purpose.



6. FINANCIAL ANALYSIS – CONSOLIDATED ACCOUNTS

During the first semester of 2020, the Group recorded combined gross game revenues, territorial and online, of 66,2 million Euros, with an overall decrease of 40%. Net from gaming taxes, the Group's total game revenues amounted to 37,3 million Euros, a decrease of 29,9% over the 53,2 million Euros achieved in the first semester of the previous year.

The evolution of game revenues was significantly affected by the effects caused by the Covid-19 pandemic, and these effects led to different behaviors regarding the evolution of game revenues, depending on whether it is a territorial or online game. The closure of the land base casinos

| | Jun - 2020 | Jun - 2019 | Var % |
|---|-------------------|-------------------|---------------|
| Game Revenue | 66 240 379 | 111 985 535 | -40,9% |
| Game Taxes | -28 930 028 | -58 729 160 | -50,8% |
| Net Game Revenue | 37 310 351 | 53 256 375 | -29,9% |
| Government Grant - Lay-Off | 1 041 708 | - | |
| Other revenue (F&B / Entertainment) | 2 078 218 | 4 575 461 | -54,6% |
| Operating costs | -30 831 435 | -38 549 684 | -20,0% |
| EBITDA | 9 598 842 | 19 282 152 | -50,2% |
| Amortization and Depreciation | -9 261 090 | -9 835 014 | -5,8% |
| Financial Costs | -139 713 | -126 902 | 10% |
| Corporate Income Tax (IRC) | - | -3 500 | |
| Consolidated net result - 1st Semester | 198 039 | 9 316 736 | -98% |
| Equity holders of the Parent Company | -4 326 177 | 6 962 866 | |
| Non-Controlling interests | 4 524 216 | 2 353 870 | |
| | 198 039 | 9 316 736 | |

decreed by the Portuguese Government during the period from 18th March to 7th June was responsible for a 52% drop in physical game revenues (up to February 2020, they had grown by 6%). In the opposite direction, the containment measures adopted to combat and prevent the evolution of the Covid-19 pandemic benefited the globality of online commerce and services, with the online game revenues of the Estoril-Sol Group showing a growth rate of 19% compared to identical period of the previous year. This remarkable improvement in the online base business was not, however, sufficient to compensate for the decline recorded in the land base business, and Estoril-Sol Group's gross game revenues decreased 40% in the period under analysis.

The Group's other operating revenues were also affected by the containment measures and the consequent closure of the Estoril-Sol Group's restaurants, theatres and other entertainment spaces. These losses amounted to 2,5 million Euros, a decrease of 54% compared to the same period of the previous year.

Still within the scope of the effects caused by the Covid-19 pandemic, the Estoril-Sol Group immediately activated "Contingency Plans" in order to prevent the health and compliance with the basic rules of hygiene and safety at work in this pandemic context, of all customers, workers, external service providers and also to safeguard the assets, physical facilities and equipment, of the subsidiaries affected by the temporary closure of the casinos. Estoril-Sol applied for the simplified "Lay-Off" mechanism, which resulted in the temporary suspension of employment contracts or in the reduction of working hours, between the 10th of April and the 2nd of June 2020, of the vast majority the workers of Estoril-Sol III and the workers of Varzim-Sol, companies that hold the Estoril and Póvoa de Varzim Game Concessions, respectively. The application of this legal mechanism and the contractual review, meanwhile carried out, of all service provision contracts resulted in a 20% reduction in the Group's operating costs, equivalent to 8 million Euros (see notes 7 and 8 of the financial statements).

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

The Group's operating results (EBITDA) decreased by 50%, influenced by the negative evolution of the revenues from the territorial operations, having reached 9,5 million Euros (19,2 million Euros in 2019). EBITDA for the land based casinos stood at 0,5 million Euros, with the online operation reaching EBITDA of 9 million Euros.

The Consolidated Net Profit in the first semester of 2020 was positive by 0,2 million Euros compared with earnings of 9,3 million Euros in the same period from the previous year. Of these 0,2 million Euros, losses of 4,3 million Euros belong to the shareholders of Estoril-Sol, SGPS, S.A, and earnings of 4,5 million Euros to minority and non-controlling interests.

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

The dramatic effects of this future reality impose the immediate Government's attention to review the operating conditions of the current concessions, namely with regard to the existence of the minimum amount guaranteed, whose values based on forecasts of future revenues made with a minimum of seriousness, reach such an astronomical expression that no concessionaire will be in a position to bear them.

The rebalancing of the concession contracts, an objective for which concessionaires have justifiably been fighting for almost a decade, and which is responsible for a significant part of the existing litigation in court, takes on an even more critical sense at this stage that the Government cannot ignore.

To this date, the company is unaware of the Government's intention regarding the ending of the current game concessions in Estoril and Figueira da Foz, and is available to analyze the proposals that the Government intends to formulate. The shareholder structure of Estoril-Sol (III), and the respective Board of Directors declare themselves convincingly committed to compete for the new game concession of Estoril, believing that the knowledge of the business, the suitability and financial strength of the Estoril Sol Group will be sufficient to continue to lead the land base gaming business in Portugal.

7. RELEVANT FACTS

- During 2013, after a unanimous vote taken at the headquarters of the Portuguese Association of Casinos, the operating companies from the Group Estoril-Sol, have filed lawsuits against the State in which they seek to be restored the financial balance of Gaming Concessions. Such a claim is founded, among other reasons, because the State, through its actions and omissions has given rise to changes in circumstances that were the basis for the negotiation of the gaming concessions. Of them highlights the fact that it was assumed for tax basis a continuing and significant increase of gaming revenue throughout the concession period. Despite not having occurred this proposition due to the economic climate and as a result of the State attitude in relation to online gambling and illegal gambling, among others, it continued to require them to pay very high taxes, calculated on revenue that the Concessionaires did not obtain.

Thus, remained no alternative to the Concessionaires than to challenge with the competent Administrative and Fiscal Courts the settlements of tax to that were presented to them, and for that purpose submitted the necessary judicial guarantees. However by the time of approval of this report, and despite the fact that all tax settlements were contested by the Group, all taxes are without exception paid and for this reason the Group Estoril-Sol does not have any overdue debt related with game taxes. (Note 14 from the Consolidated Accounts)

8. SUBSEQUENT EVENTS

Between the 30th of June 2020 and the date of this report, no relevant facts occurred that could materially affect the financial position and the future results of Estoril-Sol, SGPS,S.A. and the other Companies of the Group, in addition to the reported below:

The Estoril-Sol Group holds on June 30th, 2020 the exploitation of game concessions in the permanent game zones of Estoril (Casino do Estoril and Casino de Lisboa) and Póvoa de Varzim (Casino da Póvoa). According to the legal framework in force, those casinos are open every day of the year, with the exception of December 24th, for a period of twelve hours. The opening hours of the Casinos of the Estoril-Sol Group before being closed on 18th March 2020 were as follows:

Casino Estoril, Póvoa: 15H to 03H
Casino de Lisboa: 15H to 03H (Sunday to Thursday)
16H to 04H (Friday and Saturday)

The Portuguese Government has, however, established a set of exceptional and temporary measures relating to the epidemiological situation of the Covid-19 Pandemic, which had a significant impact on the opening hours of commercial activities with special relevance in the AML (Lisbon Metropolitan Area), therefore the schedules of Casinos Estoril and Lisboa between June 30th and the date of this report were as follows:

01st July until 19th August: 11H to 20H
20th August until 15th September: 13H to 01H (last client admittance 24H)

Restrictions applied to the entire country as of September 16th, and which affect the hours of Casinos Estoril, Lisboa and Póvoa de Varzim:

September 16th to the date of this report: 11H to 23 H

9. STATEMENT OF THE BOARD OF DIRECTORS

Within the terms of paragraph c) n^o1 of article 246 of Portuguese Securities Code, we hereby inform you that to the best of our knowledge:

- The information contained in the interim management report is a faithful statement of the evolution of the business, of the performance and of the position of Estoril-Sol, SGPS, S.A., and the companies included within the consolidation perimeter, and contains a description of the main risks and uncertainties which they face;
- The information contained in the consolidated financial statements, as well as their annexes, was produced in compliance with the applicable accounting standards and gives a true and fair view of the assets and liabilities, the financial situation and the results of Estoril-Sol, SGPS, S.A. and the companies included in the consolidation perimeter.

Estoril, 30th September, 2020

The Board of Directors:

- Chairman
- Pansy Catilina Chiu King Ho

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

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



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Information regarding the securities issued by ESTORIL-SOL, SGPS, S.A., and by companies with which the Company is in controlling or group relationship, which are owned by the members of the Corporate Offices of the Company on 30th June 2020

| | Nr shares 31.12.19 | Date | Value (€/share) | Nr shares purchased | Nr shares sold | Nr shares 30.06.20 |
|---|-----------------------|------|--------------------|------------------------|-------------------|-----------------------|
| Board of Directors | | | | | | |
| Pansy Catilina Chiu King Ho | 0 | - | - | - | - | 0 |
| Mário Alberto Neves Assis Ferreira | 601 | - | - | - | - | 601 |
| Patrick Wing Ming Huen | 55 000 | - | - | - | - | 55 000 |
| Maisy Chiu Ha Ho | 0 | - | - | - | - | 0 |
| Ambrose Shu Fai So | 50 000 | - | - | - | - | 50 000 |
| Man Hin Choi | 527 | - | - | - | - | 527 |
| António José de Melo Vieira Coelho | 0 | - | - | - | - | 0 |
| Vasco Esteves Fraga | 608 | - | - | - | - | 608 |
| Jorge Armindo de Carvalho Teixeira | 0 | - | - | - | - | 0 |
| Calvin Ka Wing Chann | 1 000 | - | - | - | - | 1 000 |
| Miguel António Dias Urbano de Magalhães Queiroz | 0 | - | - | - | - | 0 |
| Advisory Board | | | | | | |
| Rui José da Cunha | 12 300 | - | - | - | - | 12 300 |
| Audit Board | | | | | | |
| Manuel Maria Reis Boto | 0 | - | - | - | - | 0 |
| Vitor Prata Sevilhano Ribeiro | 0 | - | - | - | - | 0 |
| Paulo Ferreira Alves | 0 | - | - | - | - | 0 |
| Lisete Sofia Pinto Cardoso | 0 | - | - | - | - | 0 |
| Statutory Auditor | | | | | | |
| Pedro Miguel Argente de Freitas e Matos Gomes | 0 | - | - | - | - | 0 |



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FINANSOL, SOCIEDADE DE CONTROLO, SGPS, S.A.

On 30th June 2020, ESTORIL SOL, SGPS, S.A. held 62.565 treasury shares, and as FINANSOL - SOCIEDADE DE CONTROLO, SGPS, S.A., on 30 June 2020, held 6.930.604 shares of ESTORIL-SOL, SGPS, S.A., it was a direct holder of 57,79% of the share capital and 58,09% of the voting rights.

The members of the Board of Directors and of the Advisory Board of the Companies which are controlled by or grouped under ESTORIL-SOL, held 255,698 shares of ESTORIL-SOL, SGPS, S.A., corresponding to 2,1% of the share capital and voting rights.

Therefore, in overall terms, the direct and indirect stake of FINANSOL in the capital of ESTORIL-SOL is 57,79%, and 60,23% to the voting rights.

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

On 30th June 2020, ESTORIL-SOL, SGPS, S.A. held 62.565 treasury shares, and, as AMORIM – ENTERTAINMENT E GAMING INTERNATIONAL, SGPS, S.A. held 3.917.793 shares, this company was a direct holder of 32,67% of the share capital and 32,84% of the voting rights of ESTORIL SOL, SGPS, S.A..



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CONSOLIDATED FINANCIAL STATEMENTS
AND
NOTES TO THE ACCOUNTS

CONSOLIDATED STATEMENT OF THE FINANCIAL POSITION

ESTORIL SOL, SGPS, S.A.

CONSOLIDATED STATEMENTS OF THE FINANCIAL POSITION ON JUNE 30th, 2020 And DECEMBER 31st, 2019

(Amounts in Euros)

| ASSETS | Notes | Jun - 20 | Dec - 19 |
|--|-------|-------------|-------------|
| NON-CURRENT ASSETS: | | | |
| Tangible fixed assets | | | |
| Reversible to the State | - | 14 742 384 | 20 015 855 |
| Not reversible to the State | - | 50 987 149 | 51 723 342 |
| Tax deductions on investments | - | (5 868 957) | (8 219 396) |
| Total non-current assets | | 59 860 577 | 63 519 800 |
| Intangible assets | | | |
| Right-of-use assets | 10 | 8 937 524 | 13 495 810 |
| Investment properties | - | 660 873 | 821 183 |
| Other non current assets | - | 179 366 | 182 141 |
| | | 78 841 | 67 905 |
| | | 69 717 180 | 78 086 839 |
| CURRENT ASSETS: | | | |
| Inventories | - | 6 936 937 | 6 921 651 |
| Accounts receivable - trade | - | 275 416 | 399 399 |
| Current tax assets | - | 22 200 | 22 200 |
| Other current assets | - | 2 166 057 | 2 073 950 |
| Cash and cash equivalents | 11 | 62 362 563 | 83 046 171 |
| Total current assets | | 71 763 172 | 92 463 371 |
| Total assets | | 141 480 353 | 170 550 210 |
| EQUITY and LIABILITIES | | | |
| EQUITY: | | | |
| Capital | - | 59 968 420 | 59 968 420 |
| Treasury shares | - | (708 306) | (708 306) |
| Share issue premiums | - | 960 009 | 960 009 |
| Legal Reserves | - | 8 871 314 | 8 375 784 |
| Other Reserves and Retained earnings | 12 | 28 011 840 | 18 596 818 |
| Consolidated net profit | - | (4 326 177) | 9 910 553 |
| Equity attributable to the holders of the Parent Company | | 92 777 101 | 97 103 278 |
| Equity attributable to non-controlling interests | 13 | 7 902 278 | 6 478 063 |
| Total equity | | 100 679 380 | 103 581 341 |
| LIABILITIES: | | | |
| NON-CURRENT LIABILITIES: | | | |
| Lease liabilities | - | 438 030 | 438 030 |
| Other non-current liabilities | 14 | 1 244 808 | 1 244 808 |
| Provisions | - | 8 253 310 | 9 906 608 |
| Total non-current liabilities | | 9 936 148 | 11 589 446 |
| CURRENT LIABILITIES: | | | |
| Lease liabilities | - | 231 767 | 392 077 |
| Bank liabilities | - | 4 750 700 | - |
| Current tax liabilities | - | 114 814 | 114 814 |
| Other current liabilities | 14 | 25 767 545 | 54 872 533 |
| Total current liabilities | | 30 864 826 | 55 379 424 |
| Total liabilities | | 40 800 973 | 66 968 869 |
| Total equity and liabilities | | 141 480 353 | 170 550 210 |

The notes form an integral part of these financial statements

CONSOLIDATED INCOME STATEMENTS



ESTORIL-SOL, SGPS, S.A.

CONSOLIDATED INCOME STATEMENT

OF THE PERIODS ENDED ON 30th JUNE, 2020 AND 2019

(Amounts in Euros)

| | Notes | 30 th June | |
|---|-------|-----------------------|---------------------|
| | | 2020 | 2019 |
| REVENUE: | | | |
| Gaming revenues | 6 | 66 240 379 | 111 985 535 |
| Gaming taxes | 6 | (28 930 028) | (58 729 160) |
| | | <u>37 310 351</u> | <u>53 256 375</u> |
| Government Grant - Lay-Off | 6 | 1 041 708 | - |
| Other operating revenue | 6 | 2 078 218 | 4 575 461 |
| | | <u>40 430 277</u> | <u>57 831 836</u> |
| OPERATING EXPENSES: | | | |
| Cost of sales | - | (558 866) | (1 480 683) |
| Supplies and external services | 7 | (15 219 423) | (18 825 965) |
| Wages and salaries | 8 | (14 521 268) | (17 132 345) |
| Depreciation and amortization | - | (8 903 952) | (9 541 948) |
| Provisions ((increases) / reversals) | - | (357 138) | (293 066) |
| Other operating expenses | - | (531 877) | (1 110 691) |
| Total operating expenses | | <u>(40 092 525)</u> | <u>(48 384 698)</u> |
| Income before financial results and taxes | | <u>337 752</u> | <u>9 447 138</u> |
| FINANCIAL (LOSSES) AND GAINS: | | | |
| Financial losses | 9 | (154 361) | (157 993) |
| Financial gains | 9 | 14 648 | 31 092 |
| | | <u>(139 713)</u> | <u>(126 902)</u> |
| Income before taxes | | 198 039 | 9 320 236 |
| Income taxes | - | - | (3 500) |
| CONSOLIDATED NET INCOME | | <u>198 039</u> | <u>9 316 736</u> |
| Attributable to: | | | |
| Equity holders of the Parent Company | 16 | (4 326 177) | 6 962 866 |
| Non-controlling interests | 13 | 4 524 216 | 2 353 870 |
| | | <u>198 039</u> | <u>9 316 736</u> |

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

ESTORIL-SOL_SGPS_S.A.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIODS ENDED 30th JUNE 2020 AND 2019

(Amounts in Euros)

| | Share Capital | Treasury Shares | Issue Premiums | Legal Reserve | Other Reserves and Retained Earnings | Consolidated net result of the year | Total | Non- controlling interests (Note 13) | Total Equity |
|---|------------------|--------------------|----------------|---------------|--|--|-------------|---|-----------------|
| Balance at 01 st January 2019 | 59 968 420 | (708 306) | 960 009 | 7 688 178 | 10 753 303 | 13 752 121 | 92 413 725 | 3 513 973 | 95 927 698 |
| Application of the consolidated net profit of the year ended 31 st December 2018 | - | - | - | 687 606 | 8 064 515 | (13 752 121) | (5 000 000) | - | (5 000 000) |
| Dividends paid to Non-controlling interests | - | - | - | - | - | - | - | (1 620 524) | (1 620 524) |
| Consolidated Other Comprehensive Income (OCI) of the period ended 30th June 2019 | - | - | - | - | - | 6 962 866 | 6 962 866 | 2 353 870 | 9 316 736 |
| Balance at 30th June 2019 | 59 968 420 | (708 306) | 960 009 | 8 375 784 | 18 817 817 | 6 962 866 | 94 376 592 | 4 247 319 | 98 623 910 |
| Balance at 01 st January 2020 | 59 968 420 | (708 306) | 960 009 | 8 375 784 | 18 596 818 | 9 910 553 | 97 103 278 | 6 478 063 | 103 581 341 |
| Application of the consolidated net profit of the year ended 31 st December 2019 | - | - | - | 495 530 | 9 415 023 | (9 910 553) | - | - | - |
| Dividends paid to Non-controlling interests | - | - | - | - | - | - | - | (3 100 000) | (3 100 000) |
| Consolidated Other Comprehensive Income (OCI) of the period ended 30th June 2020 | - | - | - | - | - | (4 326 177) | (4 326 177) | 4 524 216 | 198 039 |
| Balance at 30th June 2020 | 59 968 420 | (708 306) | 960 009 | 8 871 314 | 28 011 841 | (4 326 177) | 92 777 101 | 7 902 278 | 100 679 380 |

ESTORIL-SOL, SGPS,S.A.

CONSOLIDATED CASH FLOW STATEMENTS

FOR PERIODS ENDED 30th JUNE 2020 AND 2019

(Amounts in Euros)

| | Notes | 30th June | |
|--|-------|--------------|--------------|
| | | 2020 | 2019 |
| <u>OPERATING ACTIVITIES:</u> | | | |
| Receipts from clients | | 67 406 344 | 115 205 028 |
| Payments to suppliers | | (19 507 856) | (25 837 318) |
| Payments to staff | | (13 338 586) | (14 976 150) |
| Cash flow generated by operations | | 34 559 902 | 74 391 560 |
| Payment of income tax | | (1 432) | (103 951) |
| Payment of Special Gaming tax | | (54 631 101) | (68 635 881) |
| Other payments relating to the operating activity | | (1 423 639) | (2 599 755) |
| Cash flow from operating activities (1) | | (21 496 269) | 3 051 973 |
| <u>INVESTING ACTIVITIES:</u> | | | |
| Receipts from: | | | |
| Loans to related parties | | - | 1 700 000 |
| Interest and similar income | | 14 648 | 25 557 |
| | | 14 648 | 1 725 557 |
| Payments in respect of: | | | |
| Tangible fixed assets | | (706 317) | (947 799) |
| | | (706 317) | (947 799) |
| Cash flow from investment activities (2) | | (691 669) | 777 758 |
| <u>FINANCING ACTIVITIES:</u> | | | |
| Receipts from: | | | |
| Bank loans obtained | | 69 735 862 | 31 857 531 |
| | | 69 735 862 | 31 857 531 |
| Payments in respect of: | | | |
| Bank loans repaid | | (64 985 162) | (31 857 531) |
| Interest and similar costs | | (147 370) | (139 185) |
| Dividends | | (3 100 000) | (6 610 261) |
| | | (68 232 532) | (38 606 978) |
| Cash flow from financing activities (3) | | 1 503 330 | (6 749 447) |
| Variation in cash and cash equivalents (4)=(1)+(2)+(3) | | (20 684 608) | (2 919 716) |
| Cash and cash equivalents at the start of the period | 11 | 83 046 171 | 53 470 364 |
| Cash and cash equivalents at the end of the period | 11 | 62 361 563 | 50 550 648 |

The notes form an integral part of these financial statements



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1. INTRODUCTION

The Estoril Sol Group, through its subsidiary and associated companies (Note 4), conducts business in gaming, the restaurant sector, entertainment and also real estate.

Estoril-Sol, SGPS., S.A., (“Company”) is the holding of Estoril-Sol Group (“Group” or “Estoril-Sol Group”) a public limited-liability company was constituted on 25 June which develops gaming, F&B, entertainment and real estate activities and has its registered office in Av. Dr. Stanley Ho, Casino Estoril building. The company has its shares listed on a regulated market - the Euronext.

The main business sector in which the subsidiaries operates consists of the operation of physical casinos of games, an activity regulated by Turismo de Portugal through the Gaming Regulation and Inspection Service, under the concession contracts of the Póvoa game concession (until 2023), which includes the exploration of the Póvoa de Varzim Casino, and the Estoril game concession (until 2020), which includes the Estoril Casino and the Lisboa Casino. In the context of the concession contracts referred above, tangible fixed assets reversible to the state that will be delivered to the State at the end of the concession are recognized in the financial statements. These assets correspond essentially to gambling equipment and assets assigned to the buildings of the Póvoa de Varzim and Estoril Casinos. The building related to Casino de Lisboa will continue to be owned by the Group after the end of the concession and as such is not considered as reversible.

To this date, the company is unaware of the Government's intention regarding the ending of the current game concessions in Estoril and Figueira da Foz, and is available to analyze the proposals that the Government intends to formulate. The shareholder structure of Estoril-Sol (III), and the respective Board of Directors declare themselves convincingly committed to compete for the new game concession of Estoril, believing that the knowledge of the business, the suitability and financial strength of the Estoril Sol Group will be sufficient to continue to lead the land base gaming business in Portugal.

In addition, in 2016 one of the subsidiaries began its activity of exploring online games through the ESC Online site and started subsequently the activity related to sports betting, under the assigned licenses, valid for 3 years and renewable.

2. MAIN ACCOUNTING POLICIES

2.1. Bases of presentation

The attached financial statements were prepared on the assumption of the continuity of operations, based on the books and accounting records of the companies included in the consolidation (Note 4), adjusted to comply with the provisions of the IAS 34 as adopted in the European Union and should be read together with the consolidated financial statements for the year ended 31st December 2019.

The interim financial information now disclose was not subjected to an external audit or limited review.

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

During the period ended on 30th June 2020, there were no changes in accounting policies in relation to those used in the preparation and presentation of the financial statements of the year ended on 31st December 2019, nor were any material errors recognised relating to previous periods.

4. COMPANIES INCLUDED IN THE CONSOLIDATION AND ASSOCIATE COMPANIES

4.1 Companies included in the consolidation

The companies included in the consolidation, their registered offices, the method of consolidation adopted and the proportion of the capital effectively held on 30th June 2020 and 31st December 2019 are the following:

| Name | Head office | Method of Consolidation | Effective percentage of the capital held | |
|--|-----------------|-------------------------|--|--------------|
| | | | Jun-20 | Dec-19 |
| Estoril-Sol, S.G.P.S., S.A. | Estoril | Integral | Holding. Co. | Holding. Co. |
| Estoril-Sol (III) - Turismo, Animação e Jogo, S.A. | Estoril | Integral | 100 | 100 |
| Varzim Sol - Turismo, Jogo e Animação, S.A. | Póvoa de Varzim | Integral | 100 | 100 |
| Estoril-Sol V - Investimentos Imobiliários, S.A. | Estoril | Integral | 100 | 100 |
| DTH - Desenvolvimento Turístico e Hoteleiro, S.A. | Estoril | Integral | 100 | 100 |
| Estoril-Sol Imobiliária, S.A. | Estoril | Integral | 100 | 100 |
| Estoril-Sol - Investimentos Hoteleiros, S.A. | Estoril | Integral | 100 | 100 |
| Estoril Sol e Mar - Investimentos Imobiliários, S.A. | Estoril | Integral | 100 | 100 |
| Estoril-Sol Digital, Online Gaming Products and Services, S.A. (a) | Estoril | Integral | 50 | 50 |
| Estoril-Sol Internacional, S.A. (b) | Estoril | Integral | 100 | 100 |

(a) The activity of Estoril-Sol Digital began with the attribution of the license to operate games of change online in July 2016. The scope of the activity of exploring online games, which it intends to carry out through its subsidiary Estoril-Sol Digital, Online Gaming Products and Services, S.A., Estoril-Sol (III) Animação e Jogo, S.A., a company held by the issuer, entered into an association agreement in July 2016 with Vision Gaming Holding Limited, based in Malta, whereby it became the holder of a minority interest, corresponding to 49.9998% of the capital stock of Estoril-Sol Digital, while Estoril-Sol (III) S.A. holds a majority of the capital and voting rights in said company. The association agreement foresaw the investment in the capital of Estoril-Sol Digital corresponding to 50% with the renewal of the online casino license, which happened on July 24, 2019. As at June 30, 2020, Estoril Sol (III) and Vision Gaming Holding Limited both hold a share corresponding to 50% of Estoril Sol Digital's equity. Nevertheless, Estoril Sol (III) maintains the right to nominate the Board of Directors Chairman, allowing the Group to have the control of the operations.

(b) During the year ended on December 31, 2019, Estoril Sol, SGPS, SA, constituted a new company, Estoril Sol Internacional, S.A., whose area of activity will be the management of projects / operations in international markets, still under study and analysis as of the date of these consolidated financial statements.

5. REPORTING BY SEGMENTS

The segments reportable by the Group are based on the identification of segments in line with the financial information that is reported internally to the Board of Directors and which supports the Board in its evaluation of the performance of the businesses and in taking decisions with regard to the allocation of the resources to be used. The segments identified by the Group for reporting by segments, are therefore consistent with the way in which the Board of Directors analyses its business, corresponding to:

- the Estoril Gaming Concession the Estoril Casino and Lisbon Casino;
- the Póvoa de Varzim Faming Concession the Póvoa Casino;
- the Online gambling license to Casino Online and Sports Betting;
- and "Others", essentially including the effect of the holding companies and of the other operating activities of the Group.

On 30th June 2020 and 2019, the information by business segment, is as follows:

| | June - 2020 | | | | | | |
|-----------------------|-------------------------|---------------|-------------|--------------|-----------------------------|-----------|-------------|
| | Estoril Game Concession | | Sub-Total | Póvoa Casino | License for Online Gambling | Other | Total |
| | Estoril Casino | Lisboa Casino | | | Casino Online | | |
| Net assets | 27 080 970 | 76 995 330 | 104 076 300 | 15 126 239 | 20 678 963 | 1 598 851 | 141 480 353 |
| Net liabilities | 2 426 773 | 13 195 491 | 15 622 264 | 14 389 296 | 4 874 406 | 5 915 007 | 40 800 973 |
| Result of the segment | (4 759 728) | (1 505 793) | (6 265 521) | (2 126 099) | 9 048 431 | (458 772) | 198 039 |
| Investment assets: | - | - | - | - | - | - | - |
| - tangible fixed | 183 872 | 57 253 | 241 125 | 131 488 | 237 786 | - | 610 399 |

| | June - 2019 | | | | | | |
|-----------------------|-------------------------|---------------|-------------|--------------|-----------------------------|------------|-------------|
| | Estoril Game Concession | | Sub-Total | Póvoa Casino | License for Online Gambling | Other | Total |
| | Estoril Casino | Lisboa Casino | | | Casino Online | | |
| Net assets | 33 608 778 | 68 821 033 | 102 429 811 | 19 141 944 | 16 025 375 | 12 806 162 | 150 403 292 |
| Net liabilities | 5 954 428 | 16 150 714 | 22 105 142 | 17 362 558 | 7 530 704 | 4 780 978 | 51 779 382 |
| Result of the segment | (162 479) | 7 519 292 | 7 356 813 | (2 288 591) | 4 707 762 | (459 248) | 9 316 356 |
| Investment assets: | - | - | - | - | - | - | - |
| - tangible fixed | 174 162 | 166 442 | 340 604 | 17 047 | 8 739 | - | 366 390 |

7. SUPPLIES AND EXTERNAL SERVICES

In the periods ended on 30th June 2020 and 2019, “Supplies and external services” were as follows:

| | Jun - 2020 | Jun - 2019 |
|---------------------------------|-------------------|-------------------|
| Advertising | 2 737 727 | 2 298 517 |
| Fees | 2 613 627 | 1 959 834 |
| Gifts to customers | 1 272 198 | 2 381 186 |
| Subcontracts | 1 184 026 | 2 134 016 |
| Conservation and repairs | 1 095 281 | 1 350 310 |
| Financial services (comissions) | 1 008 807 | 1 123 397 |
| Energy and other fluids | 994 176 | 1 443 952 |
| Cleaning and laundry | 947 104 | 1 301 995 |
| Royalties | 764 077 | 984 416 |
| Specialized work | 763 117 | 1 257 720 |
| Surveillance and security | 649 556 | 1 042 340 |
| Rents | 395 429 | 685 504 |
| Insurance | 203 917 | 206 507 |
| Communication | 140 885 | 172 225 |
| Travel and hotels | 86 260 | 144 883 |
| Other | 363 236 | 339 163 |
| | <u>15 219 423</u> | <u>18 825 965</u> |

Following the closure of the land base casinos decreed by the Government during the period from March 18th, 2020 to June 7th, 2020, the Estoril Sol Group carried out a review of the commercial conditions foreseen in the majority of the service contracts with third parties.

8. STAFF COSTS

In the periods ended on 30th June 2020 and 2019, staff costs were as follows:

| | Jun - 2020 | Jun - 2019 |
|----------------------------------|-------------------|-------------------|
| Remuneration of governing bodies | 1 139 402 | 1 464 902 |
| Remuneration of staff | 10 348 438 | 11 578 459 |
| Indemnities | 91 160 | 188 439 |
| Charges on remuneration | 2 255 541 | 2 984 511 |
| Insurance | 94 467 | 82 808 |
| Social charges | 530 965 | 663 434 |
| Other | 61 295 | 169 793 |
| | <u>14 521 268</u> | <u>17 132 345</u> |

The Estoril-Sol Group applied for the simplified “Lay-Off” mechanism, which resulted in the temporary suspension of employment contracts or in the reduction of working hours, between the 10th of April and the 2nd of June 2020, for the vast majority of the employees of Estoril-Sol III and Varzim-Sol, companies that hold the Estoril and Póvoa de Varzim Game Concessions, respectively.

9. FINANCIAL LOSSES AND FINANCIAL GAINS

Financial costs and income for the periods ended on 30th June 2020 and 2019 is detailed as follows:

| Financial Costs | Jun - 2020 | Jun - 2019 |
|-------------------------------|------------------|------------------|
| Interest borne: | | |
| Financing from banks | (99 475) | (92 494) |
| Finance and operating leasing | (54 886) | (65 499) |
| | <u>(154 361)</u> | <u>(157 993)</u> |
| Financial Income | Jun - 2020 | Jun - 2019 |
| Interests from bank deposits | 3 667 | 8 535 |
| Exchange gains | 3 016 | 6 965 |
| Other | 7 965 | 15 592 |
| | <u>14 648</u> | <u>31 092</u> |
| Net financial costs | <u>(139 713)</u> | <u>(126 902)</u> |

10. INTANGIBLE ASSETS

The breakdown of intangible assets on 30th June 2020 and 31st December 2018 is as follows:

| Gaming Concession | Jun - 2020 | | Net Assets |
|---|--------------------|--------------------------|-------------------|
| | Gross Assets | Accumulated Amortization | |
| Estoril Gaming Concession | | | |
| - Casino Estoril | 153 576 455 | (150 483 956) | 3 092 500 |
| - Casino Lisboa | 30 000 000 | (28 841 379) | 1 158 622 |
| Póvoa Gaming Concession - Casino da Póvoa | 77 034 109 | (72 358 402) | 4 675 707 |
| | <u>260 610 564</u> | <u>(251 683 736)</u> | <u>8 926 828</u> |
| Intangible assets - Online gaming license | 14 000 | (3 734) | 10 266 |
| Intangible assets - Online sports betting | 14 000 | (13 571) | 429 |
| | <u>260 638 564</u> | <u>(251 701 041)</u> | <u>8 937 524</u> |
| Gaming Concession | Dec - 2019 | | Net Assets |
| | Gross Assets | Accumulated Amortization | |
| Estoril Gaming Concession | | | |
| - Casino Estoril | 153 576 455 | (147 626 531) | 5 949 924 |
| - Casino Lisboa | 30 000 000 | (27 812 807) | 2 187 193 |
| Póvoa Gaming Concession - Casino da Póvoa | 77 034 109 | (71 690 444) | 5 343 665 |
| | <u>260 610 564</u> | <u>(247 129 782)</u> | <u>13 480 782</u> |
| Intangible assets - Online gaming license | 14 000 | (1 734) | 12 266 |
| Intangible assets - Online sports betting | 14 000 | (11 238) | 2 762 |
| | <u>260 638 564</u> | <u>(247 142 754)</u> | <u>13 495 810</u> |

The concession premium for the Estoril Gaming Zone is amortized until the year in which it expires, that is, intangible assets are being depreciated until 2020 according to the straight-line amortization method with duodecimal imputation. As of this date, the terms and conditions of the public tender's specifications for the award of the new Game concession in Estoril's permanent game zone are not yet known. The shareholder structure of Estoril-Sol (III), and the respective Board of Directors declare themselves convincingly committed to compete for the new game concession of Estoril, believing that the knowledge of the business, the suitability and financial strength of the Estoril Sol Group will be sufficient to continue to lead the land base gaming business in Portugal.

11. CASH AND CASH EQUIVALENTS

On 30th June 2020 and 31st December 2019, this caption was broken down as follows:

| | Jun- 2020 | Dec - 2019 |
|-------------------------------------|-------------------|-------------------|
| Cash | 7 809 327 | 8 092 016 |
| Bank Deposits: | | |
| Immediately available bank deposits | 44 553 247 | 59 954 191 |
| Long term deposits (a) | 9 999 990 | 14 999 964 |
| Cash and cash equivalents | <u>62 362 563</u> | <u>83 046 171</u> |

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

12. OTHER RESERVES AND RETAINED EARNINGS

This caption relates to income generated in prior years not attributed to Company shareholders and includes reserves made unavailable as a result of the acquisition of treasury shares amounting to 708,306 Euros. This caption also includes the accumulated impacts of the actuarial update of post-employment benefits.

At the General Shareholders' Meetings held on June 29th, 2020, the application of the results for the year 2019 was approved as follows:

| | 2 019 |
|--------------------------------------|------------------|
| Legal reserve | 495 530 |
| Other reserves and retained earnings | 7 930 415 |
| Other variations in equity | 1 484 608 |
| Dividends | - |
| | <u>9 910 553</u> |

13. NON-CONTROLLING INTERESTS

On 30th June 2020 and 31st December 2019, the caption “Non-controlling interests” was broken down as follows:

| Company | Jun - 2020 | | | | Dec - 2019 | | | |
|--|-----------------|-------------------------------|-------------|-----------------|-----------------|-------------------------------|-------------|-----------------|
| | Opening Balance | Profit / (Loss) of the period | Dividends | Closing Balance | Opening Balance | Profit / (Loss) of the period | Dividends | Closing Balance |
| Estoril-Sol Digital, Online Gaming Products and Services, S.A. | 6 478 063 | 4 524 216 | (3 100 000) | 7 902 278 | 3 513 973 | 4 584 608 | (1 620 517) | 6 478 063 |

14. OTHER CURRENT AND NON-CURRENT LIABILITIES

On 30th June 2020 and 31st December 2019, this caption was broken down as follows:

| | Jun - 2020 | Dec - 2019 |
|---|------------|------------|
| Other accounts payable - non-current | | |
| Annual payment - Difference to minimum grant | | |
| Installments payment schedule - approved for 2014 (a) | 1 244 808 | 1 244 808 |
| | 1 244 808 | 1 244 808 |
| Other accounts payable - current | | |
| Current suppliers | 3 557 262 | 6 712 173 |
| Suppliers of investments | 167 014 | 312 522 |
| State and Public Sector | | |
| Annual gaming payment | 2 304 451 | 21 301 642 |
| Annual payment - Difference to minimum grant | | |
| Related to current year | - | 5 032 562 |
| Installments payment schedule - approved for 2014 (a) | 1 244 808 | 1 244 808 |
| Special Gaming Tax (to be paid next month) | 4 816 475 | 7 709 047 |
| Social Security contribuitons | 978 652 | 767 046 |
| Other in favour of the State | 1 301 683 | 782 061 |
| Clients advance payments | 1 231 945 | 1 531 692 |
| Charges with holidays payable | 4 518 325 | 4 469 487 |
| Responsibilities for accumulated gaming premiums | 2 209 497 | 2 185 508 |
| Other | 3 437 433 | 2 823 985 |
| | 25 767 545 | 54 872 533 |

(a) These amounts are defined in payment plans approved by the Gaming Regulation and Inspection Service of Tourism of Portugal (SRIJ), which were being complied with, as follows:

- Payment plan approved and in accordance with prior authorization from the Gaming Regulation and Inspection Service of Tourism of Portugal related to the minimum annual counterpart of the year 2014. This plan will be paid in three successive annual instalments of 1,244,808 Euros, with the first being due on 31 December 2019.

(b) Customer advances respect to the online business, and correspond to the balance available for play or withdrawal on June 30th, 2020.

(c) This caption relates to liabilities for accrued gambling bonuses, resulting from the accrued bonuses announced in the various casinos explored by the Group.

15. CONTINGENT LIABILITIES AND ASSETS, GUARANTEES AND COMMITMENTS

Contingent liabilities

In the normal course of its business, the Group is involved in several legal proceedings. In result of their nature and provisions and according to the opinion of legal advisors, the expectation is that, from the respective outcome, there will be no material effects that are not yet recognized in the financial statements as of June 30th, 2020 and December 31st, 2019. The most relevant processes are as follows:

- Differences of understanding between the Group and the Tax Administration, regarding the taxation of Corporate Income Tax (IRC), relating to 2007, 2008, 2009 and 2010, in light of non-taxation of documented expenses incurred in the course of gambling activity by the subsidiaries that are part of the Group which have gambling activity in the amount of, approximately, 5,629,000 Euros. In the course of the financial year of 2013, a ruling was issued against the allegations and convictions of the Group regarding the proceedings relating to the years 2007 to 2009. The Group is convinced, based on the most diverse opinions and favourable opinions of its legal advisors, that the allegations and claims of the Group are well founded, which is why an appeal was filed against this decision to higher courts.

Additionally, as of the date of these financial statements, there are prior judicial decisions in favour of the Group, as well as favourable judicial jurisprudence on this matter. Nevertheless, bank guarantees were provided in favour of the Cascais Finance Department in the amount of 7,197,635 Euros. The Group's Board of Directors, based on the above, and based on the opinion of its legal and tax advisors, considers only to be possible and unfavourable outcome for the Group although not probable, and therefore no provision was recorded in the financial statements for the year.

- The Group carried out a collective dismissal in 2010 and 2013 in the Casinos of Lisbon, Estoril and Póvoa de Varzim in the terms established in the Law, which included 133 employees. Some of these employees brought up an action to the Court for annulment of the dismissal and reinstatement within the Group. On December 31, 2018, the collective dismissal process regarding the Casinos of Lisbon and Estoril culminated in a favorable decision for the Group, with the exception of five employees, who were reinstated in the Group's staff. The remaining employees received compensation corresponding to the legal obligations provided for in labor legislation in case of collective redundancies, in line with the provision recorded in the Group's accounts in the previous years. In addition, during the year ended December 31, 2018, the collective dismissal process regarding Casino da Póvoa presented an unfavourable decision to the Group, having the Group filed an appeal of the decision. The Group increased the provision in 600.000 Euros during 2019 to cover its responsibility, taking into account the legal opinions of its lawyers, which amounts to approximately 3,337,000 Euros as of December 31, 2019. As a result of the appeal referred above, in february 2020, the Court of Relation of Guimarães judged partially favourable the appealing, absolving the Group regarding the request of four of the authors.

- In 2011 Gastronomic Evolution - Gestão de Restaurantes, Lda., a former concessionaire of three restaurants in Casino de Lisboa, filed a lawsuit against the Group requiring compensation for loss of customers in relation to expectations that would have been previously generated. The total amount claimed amounts to 906,630 Euros, which is provisioned in the financial statements as of June 30th, 2020 and December 31st, 2019.

- On 30th June 2020 and 31st December 2019, the Group has been involved in various cases associated with interdicted players, alleging that the concessionaires have not complied with the prohibition order, at the entrance of the various Casinos operated, to which the same customers were subject, demanding a claim for compensation for the alleged non-compliance. The Board of Directors, based on the opinion of its legal advisors and in view of the historic resolution of such cases, recognized in the financial statements as of June 30th, 2020 and December 31st, 2019, liabilities estimated at 380,000 Euros.

- In January 2009, a machine from Casino de Lisboa announced a fake Jackpot on a gaming machine of 4,232,774 Euros, and the customer involved, despite being informed about the machine error, filed a lawsuit against the Group to demand the referred amount. The Board of Directors, supported by its legal advisors and the expert evidence prepared by the suppliers of those machines and by the Gaming Regulation and Inspection Service, where it is concluded that there has been a malfunction of the computer system which presented the prize, considers it is probable to obtain a favorable outcome for the Group, for which only a provision of approximately 200,000 Euros was recorded.

Contingent Assets

In January 2013, the Group, together with other gambling concessionaires with gambling in Portugal, filed a lawsuit against the Portuguese State in order to restore the economic and financial rebalancing of the concession. This process includes the challenges of monthly special income taxes and the annual liquidations of 2012 to 2013, and the liquidations of the annual counterparts from 2014 to 2017, all settled in accordance with Decree-Law - n° 275/2001, so that, in the opinion of the legal and tax advisors of the Group, in the case of favourable decision on the referred objections, the liquidations will be refunded plus interest. In September 2016, the Administrative and Fiscal Court of Sintra ruled in favour of the Group on the unlaw-fulness of the clearance of the income tax payment of October 2013 on automatic machines and charged the Group with its share of responsibility for the value of court expenses, which for the actions involved in this proceeding were estimated as of approximately, 2,501,000 Euros. The Board of Directors, supported by the opinion of its legal and tax advisors, recognized the corresponding liability, considering the complaint presented on the amount of these court expenses, in the amount of 1,250,000 Euros.

Guarantees provided

On 30th June 2020 and 31st December 2019 the guarantees provided by the Group were as follows:

| | Jun - 2020 | Dec - 2019 |
|---|-------------------|-------------------|
| Obligations related with the Special Gaming Tax | 7 567 703 | 26 483 983 |
| Tax lawsuits in hand / litigation | 8 902 368 | 8 894 368 |
| Current suppliers | 39 250 | 39 250 |
| | <u>16 509 321</u> | <u>35 417 601</u> |

16. CONSOLIDATED RESULTS PER SHARE

The consolidated result per basic share of the periods ended on 30th June 2020 and 2019 was determined as follows:

| | Jun - 2020 | Jun - 2019 |
|--|---------------|-------------|
| <u>Results:</u> | | |
| Net profit of the Equity holders of the Parent Company | (4 326 177) | 6 962 866 |
| <u>Number of shares:</u> | | |
| Average weighted number of shares in circulation (Note 24) | 11 931 119 | 11 931 119 |
| Result per basic share, basic and diluted | <u>(0,36)</u> | <u>0,58</u> |

Due to the fact that there are no situations that cause dilution, the net result per diluted share is the same as the net result per basic share.

17. NOTE ADDED FOR TRANSLATION

The accompanying consolidated financial statements are a translation of consolidated financial statements originally issued in Portuguese, in accordance with IFRS. In the event of discrepancies, the Portuguese version prevails.