



Integrated Report 1st half 2023



ctt

**Deliver the future
connecting people and companies
in a sustainable way**

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01

Introduction to CTT

1.1 Key Figures

1.2 External Awards and Distinctions



1.1 Key Figures

1.1.1 Economic and financial indicators

€ thousand or %, except where otherwise indicated

| | 1H22 | 1H23 | Δ 23/22 |
|---|------------------|------------------|----------------|
| Revenues | 446,429 | 480,403 | 7.6% |
| Operating costs EBITDA | 395,983 | 400,324 | 1.1% |
| EBITDA | 50,446 | 80,079 | 58.7% |
| Depreciation & amortisation | 31,802 | 31,728 | (0.2%) |
| Recurring operating costs | 427,785 | 432,052 | 1.0% |
| Recurring EBIT | 18,644 | 48,351 | » |
| Specific items | (2,070) | 9,086 | » |
| Operating costs | 425,715 | 441,138 | 3.6% |
| EBIT | 20,714 | 39,265 | 89.6% |
| EBT | 16,063 | 32,140 | 100.1% |
| Net profit before non-controlling interests | 14,564 | 26,022 | 78.7% |
| Net profit for the period | 14,549 | 26,049 | 79.0% |
| Earnings per share (euro) | 0.10 | 0.18 | 80.0% |
| EBITDA margin | 11.3% | 16.7% | 5.4 p.p. |
| Recurring EBIT margin | 4.2% | 10.1% | 5.9 p.p. |
| EBIT margin | 4.6% | 8.2% | 3.5 p.p. |
| Net profit margin | 3.3% | 5.4% | 2.2 p.p. |
| Capex | 11,972 | 11,303 | (5.6%) |
| Operating cash flow | 18,973 | 55,636 | » |
| Free cash flow | 3,840 | 47,941 | » |
| | '31.12.22 | '30.06.23 | Δ 23/22 |
| Cash and cash equivalents | 877,873 | 336,300 | -61.7% |
| Own cash | 142,265 | 222,526 | 56.4% |
| Assets | 3,585,199 | 4,044,926 | 12.8% |
| Equity | 174,546 | 233,226 | 33.6% |
| Liabilities | 3,410,653 | 3,811,700 | 11.8% |
| Share capital | 72,675.0 | 71,957.5 | -1.0% |
| Number of shares issued | 145,350,000 | 143,915,000 | -1.0% |
| Average number of shares during the period | 147,179,218 | 142,461,465 | (3.2%) |

1.1.2 Operating Indicators

| | 1H22 | 1H23 | Δ 23/22 |
|--|-------------|-------------|----------|
| Mail | | | |
| Addressed mail volumes (million items) | 240.0 | 225.0 | (6.3%) |
| Transactional mail | 206.6 | 194.4 | (5.9%) |
| Editorial mail | 13.9 | 12.9 | (7.2%) |
| Advertising mail | 19.5 | 17.7 | (9.2%) |
| Unaddressed mail volumes (million items) | 208.1 | 137.4 | (34.0%) |
| Express & Parcels | | | |
| Portugal (million items) | 15.2 | 18.0 | 18.4% |
| Spain (million items) | 19.7 | 23.1 | 17.3% |
| Financial Services | | | |
| Payments (number of transactions; millions) | 789.9 | 822.3 | 4.1% |
| Savings and insurance (subscriptions; €m) | 2,155.2 | 11,373.9 | » |
| Banco CTT | | | |
| Number of current accounts | 580,722 | 625,476 | 7.7% |
| Customer deposits (€k) | 2,259,584.9 | 2,400,065.9 | 6.2% |
| Savings book, net (off balance sheet) | 840,458.2 | 888,182.8 | 5.7% |
| Mortgage loans book, net (€k) | 629,289.1 | 676,889.4 | 7.6% |
| Auto loans and leasing book, net (€k) ¹ | 702,812.5 | 815,474.3 | 16.0% |
| Universo credit card book, net (€k) | 324,116.1 | 299,862.8 | (7.5%) |
| Off balance consumer credit production (€k) | 23,812.7 | 21,539.9 | (9.5%) |
| Payments (number of transactions; millions) | 22.2 | 24.2 | 9.0% |
| LTD (including 321 Crédito) | 73.4 % | 75.0 % | 1.6 p.p. |
| Number of branches | 212 | 212 | - |
| Cost of risk | 1.3 % | 1.4 % | 0.1 p.p. |
| Staff | | | |
| Staff as at 30 June | 12,803 | 13,385 | 4.5% |
| FTE | 12,598 | 12,898 | 2.4% |
| Retail, Transport and Distribution Networks | | | |
| CTT access points | 2,381 | 2,364 | (0.7%) |
| Retail network (post offices) | 570 | 569 | (0.2%) |
| Postal agencies | 1,811 | 1,795 | (0.9%) |
| Payshop agents | 5,314 | 5,127 | (3.5%) |
| Postal delivery offices | 220 | 218 | (0.9%) |
| Postal delivery routes | 4,246 | 4,368 | 2.9% |
| Fleet (number of vehicles) | 3,974 | 4,306 | 8.4% |

¹ Consolidated.

1.1.3 Sustainability Indicators

| | 1H22 | 1H23 | Δ 23/22 |
|--|-----------|-----------|-----------|
| Environmental Performance (E) | | | |
| Total CO ₂ emissions, scopes 1 and 2 (kton.) | 39,499.3 | 36,478.9 | -7.6 % |
| Energy consumption (TJ) | 179,679.0 | 182,174.6 | 1.4 % |
| Last-mile electrification (%) | 12.0 | 15.8 | 3.8 p.p. |
| Recycling potential of the offer (%) | 46.1 | 66.0 | 19.9 p.p. |
| Social Performance (S) | | | |
| Women in management positions (1 st level) (%) ² | 40.7 | 39.9 | -0.8 p.p. |
| Training (hours) | 83,569.0 | 67,393.0 | -19.4 % |
| Number of occupational accidents | 346.0 | 329.0 | -4.9 % |
| Investment in the community (% of Recurring EBIT) | 1.7 | 0.3 | -1.4 p.p. |
| Purchases from Iberian suppliers (% of costs) | 94.0 | 99.8 | 5.8 p.p. |
| Corporate volunteering (hours) | 918.5 | 862.0 | -6.2 % |
| Governance Performance (G) | | | |
| Frequency of reporting ESG issues to top management (number) | 1 | 2 | 100.0 % |
| Training on good conduct, harassment and anti-corruption and money laundering policies (hours) | 19,678.5 | 25,278.0 | 28.5 % |

² The previously reported figure covered only 1st level Directors and it has been revised. The now recalculated data cover the female Directors present on the Board of Directors and 1st and 2nd level female Directors.

1.2 External Awards and Distinctions

CTT recognised as one of the brands with the best reputation

The distinction was announced in the Repscore 2023 study, prepared by the firm OnStrategy. More than 50 industries were evaluated by sector of activity, and it was in this analysis that CTT was distinguished as a leader in the Professional Services category.

CTT continues to be Trusted Brand of the Portuguese

CTT was for the 16th time distinguished as a Trusted Brand by the Portuguese, in a study carried out by Reader's Digest magazine, being 1st in the "Mail and Logistics Services" category, with 85% of the votes. This study also came up with a very positive result in the brand attributes analysed: quality, value for money and brand ethics.

CTT distinguished with the Recommended Brand 2023 label

Consumers Trust awarded CTT, in the context of its performance on the Complaints Portal, the distinction as "Recommended Brand". The seal is awarded to brands that have maintained a high level of performance and achieved the best average Satisfaction Index on the Complaints Portal.

CTT among the 25 most responsible companies in terms of ESG

According to the Corporate Reputation Business (MERCOS), CTT ranks 22nd, which represents an increase of 54 positions, at national level, compared to last year. According to this study, the Company also achieved the status of most responsible company in the Freight Transport and Logistics sector.

APCC Quality Seal renewal

The CTT Contact Center kept the Quality Seal for 2023 awarded by the Portuguese Association for Contact Centers (APCC, in its Portuguese abbreviation) for 2023. The APCC Quality Seal is a certification for companies in the industry that allows access to an auditing and counselling service on good management practices in the sector.

CTT in the top 3 of the most attractive companies to work for in Portugal

The distinction is part of the Randstad Employer Brand Research 2023 ranking and places CTT as one of the three most attractive companies to work for in Portugal, in the Transport sector. The survey was carried out in January with people of working age - between 18 and 65 years old - and, as in previous years, the most valued criteria were salary and benefits, work-family-life balance, a good working environment and career progression and professional stability.

CTT Express among the ten best transport and logistics companies for e-commerce

The specialised magazine Marketing4Ecommerce has announced that CTT Express in Spain has been chosen as one of the ten companies that best meet the needs of e-commerce customers. The award was based on a study carried out by a jury made up of 35 experts in e-commerce and digital marketing.

NewSpring awarded with four Best Awards of APCC

The APCC Best Awards trophies aim to distinguish the organisations that have stood out most for the implementation and adoption of good organisational practices in contact centre activity in Portugal. Two of the awards were won by the Fidelidade customer service line: Gold in the Health Category (Multicare line) and Silver in the Insurance and Assistance Category (Travel Assistance line). The other two were won in CTT's own line: Gold in the Distribution and Logistics Category (in the CTT Expresso line) and Silver in the Distribution and Logistics Category (CTT Empresas).

321 Crédito also maintains the label in the Complaints Portal

As with CTT, Consumers Trust also maintained, in the first half of 2023, the "Recommended Brand" label on The Complaints Portal, previously awarded to 321 Crédito. The distinction is awarded on the basis of interaction with users who have made complaints.

02

Strategic background

- 2.1 Regulatory Framework
- 2.2 Strategic Lines
- 2.3 Risk Management

2. STRATEGIC BACKGROUND

2.1 Regulatory Framework

2.1.1 Postal sector

Within the regulatory framework in force since February 2022 and the agreement on the criteria to be met for the pricing of postal services that make up the basket of services within the universal service obligation (Universal Postal Service Price Convention) for the 2023-2025 period, of 27 July 2023, the prices of these services were updated on 1 March 2023. As announced to the market on 26 January 2023. The update corresponds to an average annual price variation of 6.58%. The overall average annual price variation, also reflecting the effect of the update of special prices for bulk mail, is 6.24%.

According to the decision of 27 June 2023, ANACOM approved the cost of capital rate of CTT - Correios de Portugal, applicable to the financial year 2023, which should be 9.7267%, based on the 2023 results of the company's cost accounting system.

2.1.2 Financial sector

The importance and growth of banking compliance in recent years is evident, since remaining compliant is, more than a good governance practice, a way to stand out in the market, to safeguard its reputation with stakeholders and customers, but also to shield the Group's assets, projecting more sustainable growth and generating positive effects, both for the Group, for the interests of customers, and in preserving the stability of the financial structure as a whole.

The troubled geopolitical context we are currently experiencing has inevitably been reflected in a global environment of financial instability, resulting from the constant and rapid increases in interest rates, which, in this first half of 2023, has increased the production of national and international legislation, which we will endeavour to highlight.

Consumer Support Measures

First, we would highlight the measures that have been implemented to support the consumer. Recognising the fragility that this economic and financial context has caused in most consumers, particularly with regard to mortgage loans, the national legislator, following up on the commitment set out in Decree-Law 80-A/2022 of 25 November, adopted measures to mitigate both the impact of the increase in reference indexes in credit agreements and the risk of default, through DL no. 20-B/2023, of 22 March, which creates extraordinary support for families to pay (the rent and) the instalment of credit agreements, in the form of a temporary interest subsidy when the index exceeds a certain threshold, plus allowing the consumer to choose a variable, fixed or mixed interest rate modality.

Specifically aimed at protecting the consumer of financial services, Law 24/2023 of 29 May was recently published, amending several diplomas in this area and, in particular, establishing rules that extend the range of limitations on the commissions that are allowed to be charged, establish new obligations in the marketing of Mortgage Loans, extend the services included in the Minimum Banking Services Account or impose new limits on the redemption of PPRs (pension savings plans) for the purpose of early repayment of credits.

To be noted is also the publication of Ordinance 149-A/2023 of 2 June, which creates a new series of savings certificates, called "series F", ending the subscription of the "series E", seeking to realign the remuneration of the certificates and the remaining sources of financing in the country, adapt them to the current context of financing costs and at the same time maintain the incentive for long-term savings of families. This Ordinance also provides that the subscription of new savings certificates may now be

carried out on the physical or digital networks of any financial or payment institution registered with Banco de Portugal (BdP) and indicated for this purpose by IGCP (Treasury and Public Credit Management Institution).

Banking Operations

In terms of supervision, we highlight Banco de Portugal Instruction 1/2023 of 30 January, which establishes the regulatory framework applicable to payment institutions and electronic money institutions.

With a view to implementing the PAY Project, which seeks to monitor the evolution of the current system for collecting, processing, exploiting and disseminating payment information by Banco de Portugal, BdP Instruction 9/2023 was published on 7 April, amending Instruction 19/2012.

Regarding the implementation of the Markets in Financial Instruments Directive (MiFID II), ESMA published on 3 April Guidelines 35-43-3172 on suitability and Guidelines 35-43-3565 on remuneration.

Of clear importance in the current context of rising interest rates, we highlight the Circular Letter 2023/20 of Banco de Portugal published on 3 May and which implements the EBA/GL/2022/14 Guidelines issued on the basis of Directive 2013/36/EU, which specify criteria for the identification, assessment, management and reduction of risks resulting from potential changes in interest rates and on the assessment and monitoring of credit spread risk resulting from activities not included in the trading book. These Guidelines were published together with two draft regulatory technical standards (EBA/RTS/2022/09 and EBA/RTS/2022/10), which are still awaiting adoption by the European Commission.

BdP has also issued the following regulations, which should be noted:

- Notice 3/2023 of 14 March: Exclusion regarding restricted networks (DSP2) provided for in the Legal Framework for Payment Services and Electronic Money;
- Instruction 10/2023 of 28 April: following the entry into force of Decree-Law 80-A/2022 of 25 November, amends Instruction 16/2021, in the context of PARI and PERSI procedures;
- Instruction 13/2023 and Instruction 14/2023, both of 21 June: Implementation of the monetary policy, aiming to introduce changes to the risk control framework.

Finally, Banco de Portugal has launched 3 public consultations, namely:

- Public Consultation 1/2023 of 28 April: Draft Notice to update the reporting of information for supervisory purposes;
- Public Consultation 4/2023 of 5 June: Proposal for a "National Strategy for Retail Payments 2025", prepared by the FSP;
- Public Consultation 5/2023 of 26 June: Draft notice on supervisory reporting on concentration risk.

The Portuguese Securities Market Commission also launched the Public Consultation 6/2023, on 1 June, presenting the Draft Regulation that aims to implement the Asset Management Framework approved by Decree-Law 27/2023 of 28 April.

Digital and Cybersecurity

With a view to mitigating the risks arising from the inherent digitalisation of financial services and standardising requirements for the security of network and information systems that support the operational processes of financial entities and aiming to achieve a high level of digital operational resilience. Integrating the regulatory tools of this harmonised European legislative framework (DORA), we note that on 19 June the European Supervisory Authorities (EBA, EIOPA and ESMA - the ESAs) launched a Public Consultation on the first batch of policy products under the Digital Operational Resilience Act (DORA), which includes four draft regulatory technical standards (RTS) and a set of draft implementing technical standards (ITS).

Reinforcing that the increasing occurrence of scams, fraud or similar situations, using phishing techniques, in account holders with institutions constitutes a cybersecurity incident and a security incident and that the series of events and not individual events should be considered for the purpose of reporting to the BdP, the Recommendations on the prudential treatment of phishing incidents on customers contained in Banco de Portugal Circular Letter 2023/25 are relevant.

Money laundering and terrorist financing

Notice 1/2023 of Banco de Portugal, issued on 24 January, establishes the aspects necessary to ensure compliance with the preventive duties of money laundering and terrorist financing, within the scope of the activity of entities that carry out activities with virtual assets.

Also of interest is Law 2/2023 of 16 January, which completes the transposition of Directive (EU) 2017/541, amending the Counter-Terrorism Act, the Criminal Code, the Code of Criminal Procedure and related legislation.

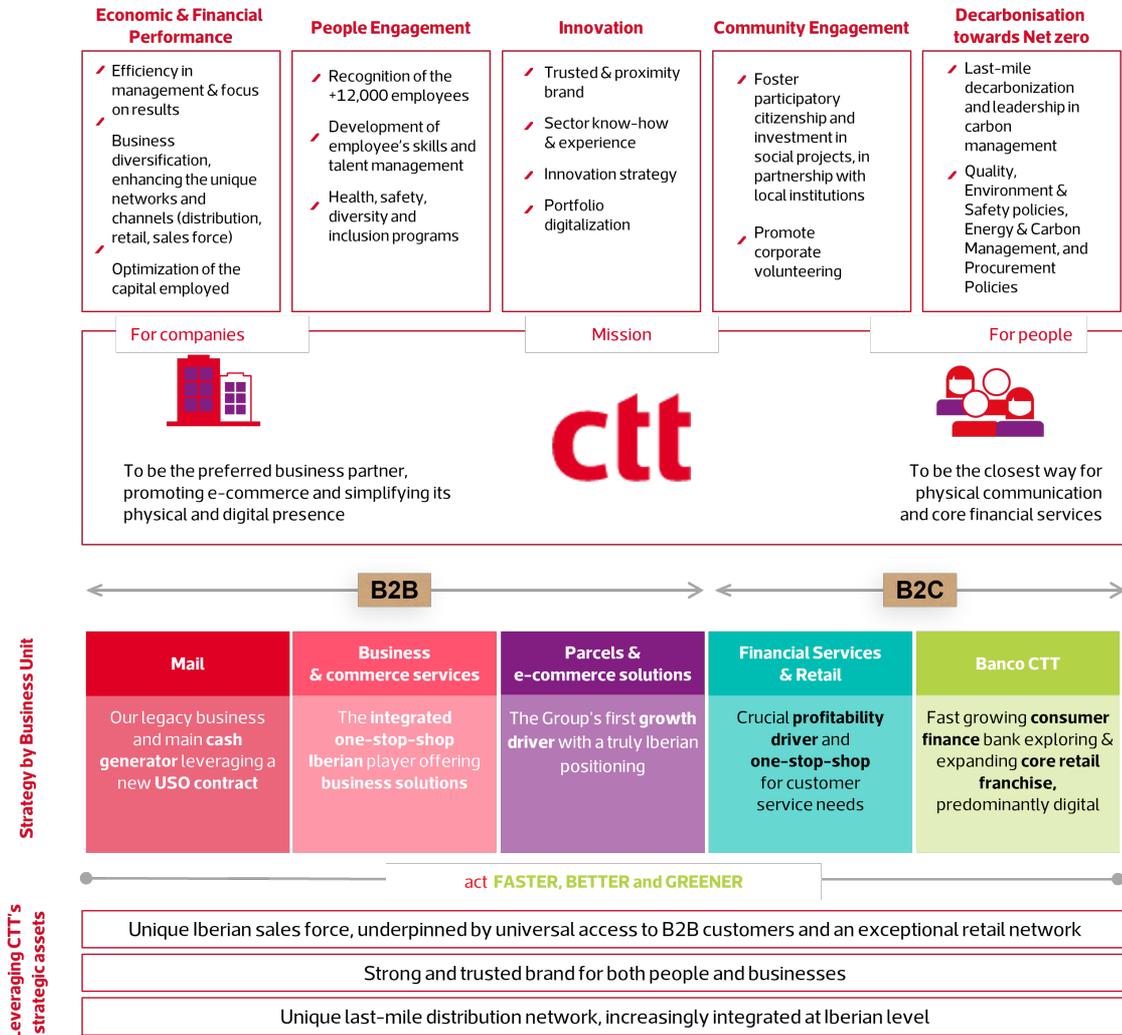
With reference to the 2022 assessment of the payment institutions sector, we note the EBA/REP/2023/18 Report on the money laundering and terrorist financing risks associated with EU payment institutions, noting the findings therein suggesting that, in general, institutions in the sector do not adequately manage ML/TF risk. Internal ML/TF controls in payment institutions are often insufficient to prevent ML/TF. This is despite the high inherent ML/TF risk to which the sector is exposed, implying an increased effort by institutions to more robustly implement the EBA Guidelines on ML/TF to mitigate the sector's exposure to ML/TF risks.

Insurance Activity

On 29 March, the Insurance and Pension Funds Supervisory Authority (ASF) issued Recommendations on information to be provided regarding changes to insurance premiums through Circular 03/2023 and, on 6 June, Regulatory Standard no. 2/2023-R on the Exercise of reinsurance activity by a non-equivalent third-country insurance or reinsurance undertaking not established in Portugal.

2.2 Strategic Lines

We connect people and companies, committed to deliver!



Sustainability (ESG):

CTT has the vision of being at the forefront of environmental commitment, taking care of the people and local community

~100%
Green vehicles in internal last-mile fleet by 2030, 50% by 2025

75%
of procurement purchases to local players by 2025

Net zero
in CO₂ emissions by 2030

Gender parity
in the top and mid-management by 2025

50%
Mid-management employees' incentives linked with ESG goals by 2025

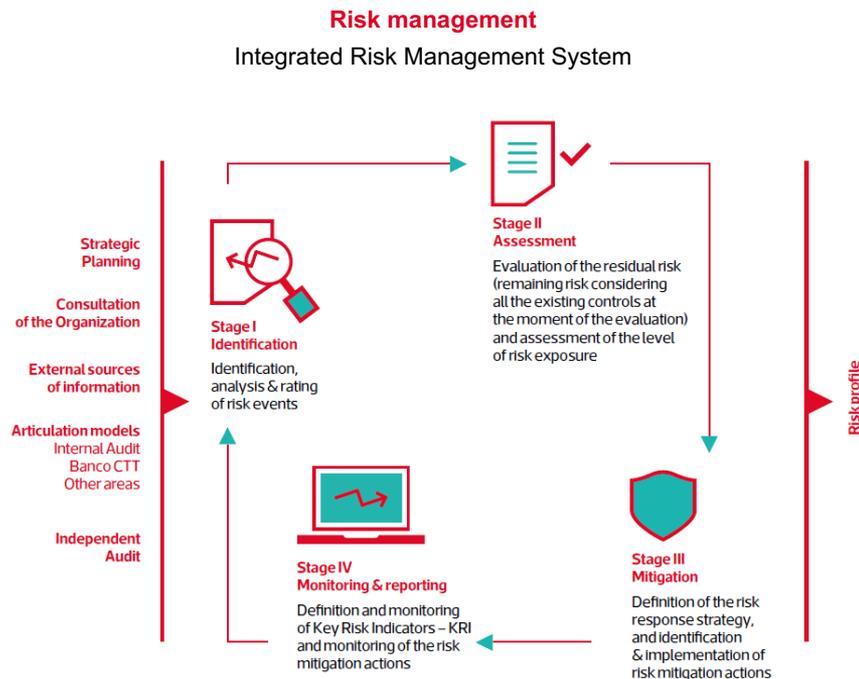
2.3 Risk Management

2.3.1 Description of the risk management process

The risks arising from the activity of CTT and its subsidiaries are managed pursuant to the manner described in the **Regulations of the Risk Management System** approved by the Board of Directors. This document, in addition to establishing guiding standards, principles and procedures for Risk Management, defines duties, responsibilities and governance model, ensuring the implementation of a framework supporting the decision making process, taking into consideration the risks to which CTT is exposed.

As far as the banking activity is concerned, Banco CTT has an independent risk management system, based on a set of concepts, principles, rules and on an organizational model applicable and adjusted to the specific features and the regulatory framework of its activity. However, a model has been established for articulation between the areas responsible for the Risk Management of CTT and Banco CTT, to ensure an alignment relative to the main interdependent risks.

The **risk profile** is viewed as the main output of the process, reflecting the vision of a given moment on events that, should they occur, could adversely affect the achievement of the strategic objectives, compromising CTT's sustainability. The review and continuous updating of the Risk Profile is, therefore, fundamental, and is based on a dynamic process consisting of four sequential and interrelated phases, fed by a series of inputs, as illustrated in the figure below:



The risks identified during Stage I are assessed in Stage II according to qualitative and quantitative criteria in terms of probability of occurrence, impact and speed of materialization of the effect, pursuant to the guidelines established in the Regulations of the Risk Management System.

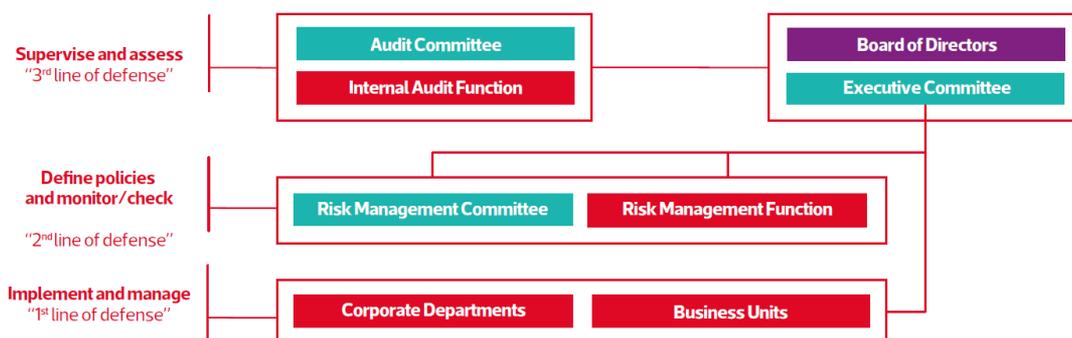
The **level of exposure to risk** arises from the combination of its probability and impact. During Stage III, if the level of exposure to a particular risk is higher than the stipulated appetite, corrective or mitigating actions are defined and implemented, aimed at reducing the exposure, by lowering the probability and/or impact. The **risk appetite** thus translates into the maximum level of exposure that

CTT consciously assumes and is willing to accept in pursuing its strategy considering its business principles, policies and procedures as well as the fact that they operate in tightly regulated markets. The risk appetite is reviewed annually and is defined by risk typology, according to the approved taxonomy.

The evolution of CTT's main risks (those with higher level of exposure) is monitored in Stage IV through **Key Risk Indicators (KRI)**. The KRI operate as a barometer of CTT's current level of exposure to risks, warning of possible changes of the probability of occurrence and/or impact of the risk event, thus allowing timely action in order to reduce the level of exposure to comfort values within the defined risk appetite.

Governance Model

At CTT, risk management and control are undertaken by the entire organizational structure, involving top management down to the more operational levels, through a model of “3 lines of defence” based on good practices of Audit and Internal Control:



The **Board of Directors** approves CTT's main risk policies and guidelines, defining its profile and objectives on risk-taking matters and creating systems for their control. Additionally, it carries out the assessment of the effectiveness of the Risk Management system, with a view to ensuring that the risks incurred are consistent with the defined objectives.

The **Audit Committee** supervises and appraises the Risk Management policies and system and may propose measures to the Executive Committee aimed at improving their functioning. It also monitors and appraises the profile and objectives on matters of risk-taking, the levels of exposure to risk and the mitigation measures in this context.

The **Executive Committee** approves CTT's risk profile and levels of exposure to risk, as well as the models, processes and procedures for risk management, in addition to the proposed mitigation initiatives, ensuring their implementation and considering the terms and objectives defined and approved by the Board of Directors.

The **Risk Management Committee** supports the Executive Committee in the process of preparation and approval of Risk Management strategies and policies, monitoring their implementation.

The **risk management function**, performed by the Risk Management division of the Audit & Quality department, is responsible for the centralized coordination of the CTT Risk Management System and the planning and implementation of risk management programmes supported by the Company's Regulations of the Risk Management System.

The **internal audit function**, performed by the Internal Audit division of the Audit & Quality department, assesses the quality and efficacy of the Risk Management system, and identifies and characterizes risk events under the audit activities carried out.

All the remaining **Corporate Departments** and **Business Units** put in place the approved Risk Management policies and procedures and propose mitigation actions for the main risks identified.

2.3.2 Identification of risks and CTT response

During the 1st half of 2023, CTT paid special attention to the evolution of its level of exposure to the following risks:

| Business affected | Risk and CTT response |
|---|---|
|  | <p>Cyber incidents Category: Business interruption risk</p> <p>Cybercrime is one of the most serious economic and national security challenges facing governments around the world. In view of the increasingly stronger dependence on information technologies in CTT's business lines, the security and protection of information is, therefore, an issue of enormous relevance. The growth in volume and sophistication of cyber attacks is of particular concern today. In this connection, CTT has continued its commitment to strengthening technological security controls, adopting policies and procedures to minimise risk exposure, conducting training campaigns for its employees on good remote working practices and cybercrime awareness, as well as organisational involvement, namely through the Information Security Forum where the level of risk exposure is monitored, as well as all ongoing strategic and tactical initiatives in this field.</p> |
|  | <p>ESG (environmental, social and governance) performance Category: Sustainability risk</p> <p>ESG (environmental, social and governance) performance is increasingly an essential factor for the sustainable development, success and survival of companies these days. CTT assumes a solid position in each of the ESG dimensions, this being one of the fundamental pillars of the current internal transformation process. In terms of ambition, CTT is committed to achieving carbon neutrality by 2030, to continuing to promote a positive social impact in local communities, to becoming a reference employer in Portugal, fostering diversity and inclusion and improving its employees experience, as well as to introducing specific incentives linked to ESG objectives to 50 % of senior and middle management.</p> |
|  | <p>Macroeconomic conditions Category: Demand risk</p> <p>Although the Portuguese economy has been evolving positively, albeit very slowly, the economic environment remained volatile and challenging throughout the half-year, both in terms of demand and inflation. If, on the one hand, the fall in real household income tends to affect consumption with potential impacts on the demand for CTT goods and services, on the other hand, the increase in operating costs due to persistent inflation will have to be reflected in the price of these goods and services, leading also, ultimately, to a retraction in demand. CTT has several tools and strategies in place to ensure the necessary flexibility to manage the impacts that may arise from a worsening of macroeconomic conditions, namely a recession scenario.</p> |

Business affected



Risk and CTT response

New labour models and talent management

Category: Human capital risk

In a context where the demand for qualified talent with specific skills is far greater than the supply in the market, it is essential to adopt the work model most adapted to each reality and act to retain the necessary skills, reinforcing motivation, team cohesion and organisational culture. In this sense, supported by the new Work Organisation Policy approved in 2022, CTT continues to develop actions to attract and recruit new knowledge and skills in the market, as well as actions to retain and develop existing technical and managerial staff.



Health and safety

Category: Human capital risk

Work accidents constitute a significant risk in such a vast universe of workers as CTT's. Operating one of the largest fleets in Portugal, CTT is particularly exposed to the risk of road accidents. On the other hand, the pandemic had an impact on the workers' access to health care and has uncovered the problem of mental health, which has been made worse by the interruption of normal working routines and conditions. CTT is aware of these and other problems and is committed to ensuring its employees safety conditions in all aspects of their work, in order to prevent injuries as well as promoting a healthy working environment.



Mail volume plummet

Category: Demand risk

The intensification of the phenomenon of digitalization and substitution of physical mail by other forms of digital communication, and more recently the effects of the pandemic, have led to a continuous decline of postal volumes over the last decade. In order to compensate for this systematic pressure on revenues where mail still has a significant weight (although this dependence has been decreasing consistently in recent years), CTT has been developing a very significant work of transformation of its business portfolio. In addition to the implementation of new solutions, initiatives are also underway to better understand the customer, foster omnichannel and increase revenue sources. At the same time, efforts are being made to modernise and invest in operations, mainly focused on the intelligent management of network capacity and the optimisation of processes through lean projects in the operational area that supports the activity.

Locky

03

CTT

Locky
Business Units

- 3.1 Mail
- 3.2 Express & Parcels
- 3.3 Banco CTT
- 3.4 Financial Services & Retail
- 3.5 Future Perspectives

by **ctt**

Locky recebe
e espera por ti.



AGORA
O BILHETE
ESTÁ NO
SMARTPHONE



NOVA APLICAÇÃO
COMPRE BILHETES
EMBARQUE

3. CTT BUSINESS UNITS

3.1 Mail & Other

In 1H23, the **revenues of Mail & Other** amounted to €222.9m (-€18.7m; -7.7% y.o.y). This decline versus 1H22 continues to be impacted by two effects registered in 1Q22: (i) the revenues from the laptop sale project (€21.5m) in the **business solutions** segment; and (ii) additional revenues from **international outbound mail** in February 2022 due to the rerun of legislative elections in the European constituency (€3.5m).

Excluding those effects, the revenues of this business unit would have grown in 1H23 (+€6.3m; +2.9% y.o.y).

In 1H23, **transactional mail revenues** reached €178.8m (+€2.2m; +1.3% y.o.y), mainly due to the very positive performance of **registered mail** revenues (+€5.8m; +9.1% y.o.y) underpinned by the growth of contractual customers, especially in the government, banking and insurance sectors. **International outbound mail** revenues decreased by €1.4m (-6.4% y.o.y) penalised by the additional revenues from the legislative elections in 1Q22. Excluding this impact, they would have grown by €2.1m (+11.0% y.o.y). **International inbound mail** posted a growth of €0.7m (+7.9% y.o.y) as a result of the increase in revenues generated by the new offer aimed at international integrators, which offset the decline that has been observed in postal operators (terminal dues). There was a decline of €2.2m in **ordinary mail** (-3.1% y.o.y) and €0.9m in **priority mail** (-20.3% y.o.y) while **green mail** posted a slight growth of €0.1m (+1.5% y.o.y).

The remaining business lines posted: (i) growth in **parcels of the universal postal service** (+€0.3m; +8.5% y.o.y), **other mail products and services** (+€0.4m; +29.4% y.o.y); and (ii) decline in **editorial mail** (-€0.2m; -2.9% y.o.y), **advertising mail** (-€1.8m; -20.0% y.o.y) and **philately** (-€0.1m; -5.4% y.o.y).

In **philately**, it is noteworthy the issue of the 1st Portuguese Crypto Stamp under the motto “Collect the Future” in both physical and NFT (Non-Fungible Token) format.

In 1H23, **business solutions** recorded revenues of €22.0m (-€19.8m; -47.3% y.o.y). However, excluding the effect of the additional sale of laptops that took place in 1Q22, this segment would have grown €1.7m (+8.6% y.o.y). CTT continues to reinforce its focus on the **Business Process Services** and **Contact Center** areas by attracting and implementing new businesses in different sectors. Of note is the significant growth in: (i) the solution of **management of administrative offences and administrative proceedings**, as new municipalities have joined it; and (ii) **digital components** with the provision of services for sending documents (invoices) with Qualified Electronic Signature pursuant to Decree-Law no. 28/2019, of 15 February, with CTT currently producing and sending several million digitally signed documents per month.

On 1 March 2023 there was an **update of the prices** of postal services provided in the scope of the universal postal service³, defined in accordance with the Pricing Criteria set out in the Universal Postal Service Price Convention for the 2023-2025 period, which was entered into by the National Authority for Communications (ANACOM), the Consumer Directorate-General and CTT. For 2023 this update corresponds to a 6.24% average annual price variation, which also reflects the effect of the update of the special prices for bulk mail.

The average price change of the universal postal service in 1H23 was +6.35%.

³ Includes letter mail, editorial mail and parcels of the universal postal service, excluding international inbound mail.

Mail volumes

In 1H23, **addressed mail volumes** declined by 6.3% y.o.y. Excluding the one-off volumes of international outbound mail in February 2022, due to the rerun of the legislative elections in the European constituency, this decrease would have been 5.9% y.o.y.

Mail Volumes

| | 1H22 | 1H23 | Δ | Δ% | 2Q22 | 2Q23 | Δ | Δ% |
|-------------------------------------|---------------|--------------|---------------|----------------|--------------|--------------|---------------|----------------|
| | Million items | | | | | | | |
| Transactional mail | 206.6 | 194.4 | (12.2) | (5.9%) | 102.1 | 93.5 | (8.6) | (8.4%) |
| Advertising mail | 19.5 | 17.7 | (1.9) | (9.6%) | 11.2 | 11.7 | 0.5 | 4.7% |
| Editorial mail | 13.9 | 12.9 | (0.9) | (6.7%) | 7.0 | 6.2 | (0.7) | (10.7%) |
| Addressed mail | 240.0 | 225.0 | (15.0) | (6.3%) | 120.2 | 111.4 | (8.8) | (7.3%) |
| Unaddressed advertising mail | 208.1 | 137.4 | (70.8) | (34.0%) | 98.2 | 61.0 | (37.3) | (37.9%) |

In 1H23, **transactional mail** volumes decreased by 5.9% y.o.y.

Ordinary mail declined (-6.6% y.o.y) as a consequence of the intrinsic trend in the postal sector due to the digital transformation of communications.

International outbound mail decreased by 13.7% y.o.y. (-2.7% y.o.y excluding the volumes from the legislative elections).

Despite the decline in **international inbound mail** (-6.9% y.o.y), there was an improvement compared to 4Q22, reversing the downward trend that began in the 2nd half of 2021 due to the fact that, on 1 July 2021, the abolition of the VAT exemption on postal items below €22 (*de minimis*) came into force, leading to the need for customs clearance of all items of non-EU origin. This resulted in an increase in customs transit times due to a complex and one-by-one process, which, ultimately, led to the migration of this type of flows to express networks.

In the opposite direction, **registered mail** volumes continued to grow (+7.2% y.o.y), driven by the dynamics of contractual customers, especially the government and banking & insurance sectors.

Addressed advertising mail volumes decreased by 9.6% y.o.y. and **unaddressed advertising mail** decreased by 34.0% y.o.y. The increase in the price of paper has led some of the customers to opt for a more digital strategy. New strategic partnerships were established with various entities to extend and complement the digital advertising offer, thus seeking to anticipate needs and add value to customers.

Responsible portfolio

CTT has been noticing a continued adherence by its customers to the use of mail products that incorporate environmental protection features, demonstrating the customers' growing awareness of these arguments, to a large extent driven by the visibility of their environmental and carbon attributes.

Green mail is a 100% ecological offer leveraged on its convenience combined with environmental protection, ensuring the carbon neutrality of direct emission resulting from the handling, transport and distribution of its products through the offsetting of unavoidable direct emissions, without extra costs to the customers. In spite of a decline (-6%), the eco range of "green mail" recorded nearly 3 million items sold.

The range of **eco direct marketing services** provides a distinctive symbol for the campaigns which stand out positively due to their environmental performance, through compliance with various ecological criteria. This measure sought to project the use of the channel of mail with ecological merit, through the

use of ecological raw materials, responsible production processes and appropriate end-of-life cycle management. In the 1st half of 2023, the eco range accounted for around 6.2 million items, corresponding to a relative weight of 35.4% in the domestic volume of Direct Mail.

Philately has launched this for the first time a philatelic brochure printed on 100% recycled uncoated paper for the issue Europa - Peace: the Highest, Value of Humanity, which also meets the strict environmental criteria of the Blue Angel certification.

Throughout the year, CTT is launching a series of children's and youth editions dedicated to sustainability themes. These **thematic books** are aimed at two segments: the Mini editions, dedicated to children between three and six years old, and the Junior editions, for children up to 12 years old.

The books already published in the first six months of the year touched on topics such as energy efficiency and water consumption for the children's segment, and frugality in the use of digital devices such as mobile phones, or gender parity in the professional world for slightly older children.

The books, published in partnership with the publisher Alithéia and part of the exclusive CTT collection entitled "Tomato and Tangerine", are on sale at CTT Retail Network.

Philately

In the 1st half of 2022, the following philatelic issues stand out:

| Commemorative philatelic issues 2022 | |
|---|--|
| <ul style="list-style-type: none"> • Border Castles and Fortresses • Crypto Stamp - Caravel • Figures from Portuguese History and Culture • 200 Years of Post Offices in Portugal • Europa - Peace: the Highest Value of Humanity • Portuguese Catholic Scouting 100th Anniversary • Centro de Arte Moderna - Calouste Gulbenkian Foundation • Portugal and Religion | National and International Events |
| <ul style="list-style-type: none"> • The Musical Instruments of Civil Wind Bands (1st group) • Personalised Stamps <ul style="list-style-type: none"> – 100 Years of the Carnival in Torres Vedras – 12th Islamic Festival in Mértola | Self-adhesive |

Philatelic books

- Castles and Fortresses of the Luso-Spanish Border

More information on the plan of philatelic issues of CTT at:

<https://www.ctt.pt/particulares/filatelia/plano-emissoes/>

3.2 Express & Parcels

Express & Parcels revenues amounted to €141.3m in 1H23 (+€18.6m; +15.2% y.o.y), thus achieving double-digit growth of 25.0% y.o.y.

Revenues in Portugal recorded €68.5m in 1H23 (+€7.0m; +11.4% y.o.y) and volumes totalled 18.0 million items (+18.2% y.o.y).

CEP revenues amounted to €63.1m in 1H23 (+€8.1m; +14.6% y.o.y), with a 17.6% y.o.y. increase of volumes per working day which was gradual over the quarters (+12.9% in 1Q23 and +22.4% in 2Q23). In fact, 2Q23 was the fifth consecutive quarter of accelerating growth in revenues from the CEP activity. This growth was driven essentially by e-commerce (B2C) customers, particularly large global marketplaces and national and international e-sellers. E-commerce has increasingly become an option for consumers due to its convenience, variety and supply.

The **banking documents delivery** product line recorded revenues of €2.1m in 1H23 (+2.6% y.o.y) in a moment when the capillarity of banking networks and the collection/delivery frequency have stabilised.

Revenues of the **cargo** product line amounted to €2.1m in 1H23 (-17.9% y.o.y), a reduction related to the change in the operating strategy, which aimed at repositioning this product line within positive margin levels (the contribution margin⁴ in 1H23 was 17.6%). This implied the exit of some customers as well as the withdrawal from some activity sectors without operating synergies. It should be noted that over the course of the semester revenue decline slowed down (-25.9% in 1Q23 and -8.2% in 2Q23).

The **logistics** product line, which is a pillar of the development of the vertical integration strategy with CEP, recorded revenues of €1.6m in 1H23 (+13.3% y.o.y). This strong growth was underpinned by the recovery of a major customer and a three-month logistics operation won in response to a public tender.

CTT continued to roll out its 24-hour locker (**Locky**) network which allows customers to pick up, send and also to return their parcels with maximum convenience, 24 hours a day in most lockers, every day of the week. As of 2Q23, the new send/return functionality became available, initially in a pilot version in the Greater Lisbon area. It was progressively extended, in a phased manner, to the rest of the country.

As at the end of June 2023, CTT's Locky network comprised 664 lockers in various locations around the country, namely in hospitals, intermodal transport platforms, shopping centres, university campuses, physical retail networks, parking lots, gas stations or, in the case of private lockers, in condominiums and in office/business areas. Locky lockers are part of the CTT Delivery Points network, the largest and most capillary national network with more than 2,800 points where customers can collect and send their parcels.

For the latest innovations related to Locky lockers see [chapter 4.3.1](#).

Revenues in Spain stood at €70.7m in 1H23 (+18.7% y.o.y), with 23.1 million items (+17.3% y.o.y). It is worth highlighting the remarkable double-digit growth in 2Q23, both in revenues (+36.6% y.o.y) and volumes (+44.2% y.o.y).

The growth achieved in the quarter is already the result of increased and more focused marketing and commercial activities across the various client segments. In this particular, it should be noted that the growth achieved in the smaller client segments, i.e., those with daily volumes below 20,000 items, continues to accelerate and the outlook for this customer segments is rather favourable. Moreover, it should also be underlined that the large e-commerce clients segment (strategic clients), namely international e-sellers, also continued to show good progress leveraging on the onboarding of new

⁴ Revenues minus direct operating costs (excludes overheads, essentially buildings and fleet).

relevant clients. Notwithstanding this good commercial performance in the large e-commerce clients segment, the contribution of the top 5 clients to overall revenues continued to decline, with the weight in 2Q23 down by 3.4 p.p. y.o.y.

This solid revenue performance allowed to achieve again in 2Q23 a positive recurring EBIT⁵ of €1.2m.

It should be noted that CTT Express had an increase in volumes per working day of +46.6% y.o.y. in 2Q23, maintaining a quality service with high delivery efficiency rates.

The new unit in San Fernando de Henares is already operating at full capacity, adding to the capacity of the sorting network. Moreover, this unit also provides the customs clearance service, responding to the needs of non-EU customers. This new service is expected to be a growth driver in the future.

Revenues in Mozambique in 1H23 amounted to €2.2m (+28.1% y.o.y). This growth was driven by a partnership with a freight forwarder in Africa which started at the end of 1Q22.

Responsible portfolio

The direct emissions associated with CTT's domestic express & parcels offer are fully offset through carbon offsetting projects, chosen by the public and promoting positive impacts on biodiversity and on the development of the local communities where they are developed.

In addition, CTT has developed the Eco Reusable Packaging, for parcel delivery with an expected resistance capacity for sending it up to 50 times, allowing to reduce the waste associated with single-use packaging solutions. By returning the packaging, buyers are contributing to a more sustainable distribution.

The Ciclo CTT service allows retailers to set up and test a circular economy operation. The aim is to promote the sale of reconditioned products from their customers, thus contributing to reducing the carbon footprint and promoting the reuse of items, maintaining their value and usefulness.

The Green Deliveries offer is available for business customers and enables all deliveries in the contracted locations, currently in Lisbon and Porto, to be made exclusively with electric vehicles. This service fosters an improvement in the quality of the air in urban centres, as these vehicles do not imply emissions of pollutant particulates.

It should be noted that CTT also acquires 100% of the electricity it consumes through renewable sources, which positively affects the carbon footprint associated with this offer.

At the same time, in Spain, CTT Express continues to invest in the marketing of new packaging formats that incorporate recycled plastics and are recyclable. These packages have the Blue Angel label, a German certification that proves the adoption of good ecological practices applied to the manufacture and operation of a product or service.

3.3 Banco CTT

Banco CTT **revenues** reached €69.8m in 1H23 (+€11.9m; +20.5% y.o.y).

Revenue growth was due to the positive performance of **net interest income**, which totalled €46.0m in 1H23 (+€11.6m; +33.8% y.o.y). Interest received increased by €21.2m compared to 1H22, benefiting from higher interest rates and volume growth, and interest paid increased by €9.6m compared to 1H22 due to the increase in interest rates on customer deposits and securitisations of auto loans.

⁵ Individual accounts.

Interest from **auto loans** amounted to €25.3m in 1H23 (+€3.8m; +21.3% y.o.y) and reached a loan portfolio net of impairments of €813.0m (+6.9% vs. December 2022). Auto loans production stood at €135.1m in 1H23 (+7.6% y.o.y).

The **cartão Universo** consumer credit portfolio generated revenues of €11.5m in 1H23 (+€1.2m; +11.8% y.o.y), with a balance sheet volume, net of impairments, of €299.9m in 1H23 (-€54.0m; -15.2% vs. December 2022). The progressive reduction of the partnership's portfolio, scheduled to end by 31 December 2023, in view of the current economic context, in particular interest rates and the associated cost of risk, will improve the risk profile and strengthen Banco CTT's balance sheet and solvency, increasing its flexibility.

Interest from **mortgage loans** stood at €9.2m in 1H23 (+€7.2m; +373.2% y.o.y), considering that in 1H23 Euribor rates are significantly higher than in 1H22, when they were negative. Base interest rates for mortgage loans reflected strong growth as a result of the rise in key interest rates defined by the European Central Bank (ECB), due to the increase in inflation in the Euro area. The mortgage loan portfolio net of impairments totalled €676.9m in 1H23 (+2.8% vs. December 2022). Mortgage loan production amounted to €87.9m in 1H23 (+€15.9m; +22.0% y.o.y).

Also worthy of note is other interest received, which increased by €6.5m in 1H23 compared to 1H22, to which contributed the **liquidity surplus at Banco de Portugal**.

Commissions received in this business unit reached €22.2m in 1H23, (+€0.6m; +2.9% y.o.y). Noteworthy are the following positive contributions in 1H23: (i) commissions from **accounts and cards**, which amounted to €6.0m (+€0.2m; +3.6% y.o.y), (ii) **payments**, which totalled €9.2m (+€0.4m; +4.6% y.o.y); and (iii) **insurance** amounting to €1.7m (+€0.3m; +19.0% y.o.y).

In terms of less favourable performance, as a result of the current economic context, there was a retraction: (i) in **savings products** (off-balance sheet) with a reduction of €3.5m, -0.4% compared to December 2022 in the net off-balance volume, with the respective commissions received amounting to €2.2m (-€0.0m; -3.4% y.o.y) which corresponds to a net off-balance sheet volume of €888.2m; and (ii) in commissions received on **consumer credit** (off-balance sheet) with €1.2m (-€0.1m; -9.1% y.o.y).

Customer deposits (Banco CTT consolidation) stood at €2,395.7m in June 2023 (+5.1% vs. December 2022), with a 50.2% increase in fixed-term deposits and a 12.5% reduction in sight deposits compared to December 2022. The **number of accounts** was 625k (23k more than in December 2022).

The **loan-to-deposit ratio** reached 75.0% as at the end of June 2023.

The **cost of risk** (consolidated and accumulated as at June 2023) stood at 1.4%, down by 0.1 p.p. compared to December 2022, influenced by higher levels of risk in the consumer credit portfolios, in particular with the Universo card.

Responsible portfolio

Banco CTT's offer of sustainable savings and investment solutions includes the Sustainable Mortgage Loan product, which favours the purchase of energy-efficient homes with special mortgage loan conditions. The aim is to save nature while reducing the instalment and the energy bill of the house.

The "Banco CTT Sustainable Investment" product, in partnership with Zurich, also has a responsible component, since it is an insurance linked to an investment fund for companies and institutions that develop their activity incorporating sustainable development principles and objectives, in line with the United Nations 2030 Agenda.

Banco CTT also offers two consumer loans with these characteristics: the Renewable Energy Loan, with special financing conditions to buy solar panels and other equipment; and the New Electric Auto Loan, for the purchase of a new electric car.

3.4 Financial Services & Retail

Financial Services & Retail **revenues** amounted to €46.3m in 1H23 (+€22.1m; +91.4% y.o.y). There was a positive evolution in revenues in 1H23, which maintained the trend from 2022, as a result of the higher attractiveness of public debt certificates, especially savings certificates, against an interest rate backdrop more in favour of this savings product.

The launch of the new series on 5 June and the change in its marketing conditions, with lower maximum interest rates, a longer subscription period and a decrease in the maximum amount that can be placed, led to a drop in demand in June.

Financial services (excluding other revenues) posted revenues of €39.3m in 1H23 (+€23.9m; +155.7% y.o.y).

Public debt certificates (Savings Certificates and Treasury Certificates Savings Growth) posted revenues of €36.1m in 1H23 (+€25.1m; +228.8% y.o.y).

Subscriptions of these certificates amounted to €11,373.8m in 1H23, an average of €91.0m/day (€17.4m/day in 1H22), which compares to €8,138.0m subscribed throughout 2022. This is the outcome of a new interest rate conjuncture that places public debt as a more interesting investment alternative.

These positive results in public debt certificates made it possible to absorb the less favourable performance of **money orders**, which recorded revenues of €2.1m in 1H23 (-€0.8m; -27.7% y.o.y). The additional issues of social benefits in 1H22, created under the current macroeconomic framework, did not occur in 1H23, which was also burdened by the structural decline resulting from the substitution of this means of payment.

CTT reinforced the commercial dynamism of **non-banking financial products** in 2Q23, in the area of non-life insurance, including auto, health, personal accidents, multi-risk, etc., by entering into a distribution agreement with Generali.

Retail products and services (excluding other revenues) reached €6.2m in revenues in 1H23 (-€2.1m; -25.4% y.o.y).

This reduction is in line with the strategy defined for the retail network of discontinuing some products, including scratch cards, and repositioning its retail network as a service platform, including: (i) the offer of self-services including the distribution of mail and express and parcels products and services; (ii) the distribution of public debt; (iii) the marketing of insurance products; and (iv) the provision of convenience services for citizens. Aimed at improving customer service and experience, a strategy of digital channels and self-services is also being developed, focusing on the search for complementarity between physical and digital and between in-store and self-service.

3.5 Future Perspectives

Outlook for 2023

One of CTT's main objectives is to grow in volumes and capture market share in the **Express & Parcels** segment both in Portugal and Spain, which supports margin expansion. For **Mail**, deepening the relationship with commercial clients will allow CTT to expand cross-selling of business solutions, e-commerce and mail in tandem. At the same time, controlling costs will be paramount to stabilise margins. In the area of **Financial Services & Retail**, CTT will continue to leverage the retail network by increasingly providing more services to citizens, such as insurance products, in parallel with public debt placements. **Banco CTT** should continue to benefit from the higher interest rate environment, while it is focused on growing the customer base and strengthening client's relationships.

Following the 1H23 results, CTT reaffirms the recurring EBIT guidance of "at least €80m in 2023".

Risk outlook is as follows: (1) high geopolitical uncertainty; and (2) macro risks will continue to be relevant and persistent, namely inflation and possible economic downturn as a consequence of increasing rates by central banks.

Recurring EBIT guidance reflects continued growth and transformation, notwithstanding a challenging environment. With a strong balance sheet and sustainable cash flow, CTT will continue to implement an attractive shareholder remuneration policy.

04

Performance



4.1 ESG Commitments

4.2 Economic and Financial Performance

4.3 Innovation

4.4 Decarbonisation towards Net Zero

4.5 People Engagement

4.6 Community Engagement

4. PERFORMANCE

4.1 ESG Commitments

| ESG strategic goals | Sustainable Development Goals | CTT goals | Time frame | State of play 1 st half of 2023 | |
|---|---|--|--------------------------------------|--|---|
| ACCELERATE THE DECARBONISATION OF THE CTT OFFER IN IBERIA Achieve a net-zero carbon balance by 2030 |  ENSURE ACCESS TO RELIABLE, SUSTAINABLE AND MODERN SOURCES OF ENERGY FOR ALL | Achieve 100% of own green vehicles in the last mile | 2030 (50% by 2025) | 15.8% (+0.5 p.p. than at the end of 2022). | ↑ |
| | | Electrify 45% of the subcontracted fleet | 2030 | ~2%; Questionnaire for consultation held and engagement programme underway | = |
| | | Purchase annually 100% of electricity from renewable sources | 2030 | The energy purchase corresponding to the 2022 consumption was processed in the 1 st half of 2023. | ✓ |
| | | Increase photovoltaic energy production for own consumption (UPAC+UPP) | Annual | 653,299.0 kWh (+8.5%). | ↑ |
| | | Increase the installation of LED lighting by 3% per year | 2030 (up to 100k m ²) | Final data of buildings equipped will be collected during the 2 nd semester. | = |
| | | Reduce building consumption by 10% compared to 2019 by installing a specialised energy consumption monitoring system | 2022 | 16.9% saving in the buildings covered (52 buildings) | ↑ |
| | | Reduce electricity consumption by 5% | -5% by 2022 -2% by 2023 | +0.9% | ↓ |
| | | Reduce fuel consumption by 1% | -1% by 2022 -2% by 2023 | +5.0% | ↓ |

| ESG strategic goals | Sustainable Development Goals | CTT goals | Time frame | State of play 1 st half of 2023 | |
|---|--|--|--|--|----|
| ACCELERATE THE DECARBONISATION OF THE CTT OFFER IN IBERIA Achieve a net-zero carbon balance by 2030 | ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATHS | Train 90% of the workers in the "Green Planet" environmental programme | 2020-2025 | 1,518 trainees successfully completed the training (11.3%) | ↑↑ |
| | | Keep office paper consumption the same as the previous year | Annual | +16.7% | ↓↓ |
| | | Maintain the waste recovery rate above 75% | Annual | 90.0% (~9.8 p.p. than in 2022) | ↓↓ |
| | | Incorporate recycled and/or reused material in the supply of mail and express & parcels | 60% in 2023 80% in 2025 100% in 2030 | Incorporation of 66.0% (43.2 p.p.) | ↑↑ |
| | | Release 8 philatelic issues dedicated to sustainability | Annual | One philatelic issue produced | = |
| | | Include environmental criteria in 99% of pre-contractual procedures ⁶ | Annual | 99.0% (+0.9 p.p. than at the end of 2022) | ↑↑ |
| | TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS | 99% of contracts signed to include environmental criteria ⁷ | Annual | 99.0% (+4.5 p.p. than at the end of 2022) | ↑↑ |
| | | Assess 100% of critical suppliers | Annual | Assessment of 100% of critical suppliers | = |
| | | Achieve a net-zero carbon balance (scopes 1, 2 & 3) | 2021-2030 | Total emissions of scopes 1, 2 & 3: 36,478.9 ton CO ₂ (-16,0% than in the 1 st half of 2021) | ↑↑ |
| | | Reduce CO ₂ emissions of scope 1 by 3% | 2022-2023 | '+4.9% than in the 1 st half of 2021 | ↓↓ |
| | | Reduce CO ₂ emissions of scopes 1 and 2, in relation to 2021 | -2% by 2023 -61% by 2030 | '+2.1% than in the 1 st half of 2021 | ↓↓ |
| | | Reduce the total CO ₂ emissions of scopes 1, 2 and 3, in relation to 2021 | +1% by 2023 -55% by 2030 | '-16.0% than in the 1 st half of 2021 | ↑↑ |
| | | SBT (well-below 2°C) target: 30% reduction of CO ₂ emissions of scopes 1, 2 and 3, compared to 2013 | 2013-2025 | '-57.7% (1 st half of 2023 vs. FY2013) | ↑↑ |
| SBT (well-below 2°C) target: Reduce carbon intensity per postal item by 20% (scopes 1, 2 and 3) compared to 2013 | 2013-2025 | '+18.9% (1 st half of 2023 vs. FY2013) | ↓↓ | | |
| Offsetting direct carbon emissions from CTT's offer | Annual | The offsetting of direct carbon emissions from the CTT offer is carried out at the end of the 2 nd semester. | = | | |
| Promote active reforestation of the national territory: over 6,500 kits A Tree for the Forest | Through an annual campaign | Sales in the first six months of 2023: 1,651 kits. Launch of the 10 th edition planned for the beginning of the 2 nd semester. | = | | |

⁶ Contracts awarded by the companies CTT, CTT Espresso, CTT Contacto and Payshop.

⁷ Contracts awarded by the companies CTT, CTT Espresso, CTT Contacto and Payshop.

| ESG strategic goals | Sustainable Development Goals | CTT goals | Time frame | State of play 1 st half of 2023 | | |
|--|--|--|---|--|---|---|
| CARE FOR CTT PEOPLE AND THE DIVERSITY EXPERIENCE Be a benchmark employer, leveraged by a people-centred culture, by 2030 | ENSURE ACCESS TO QUALITY HEALTH CARE AND PROMOTE WELL-BEING FOR ALL AT ALL AGES | Reduce the number of road accidents by 5% per kilometre travelled | Annual | +14,3%. The average of injuries associated with road accidents, by distance covered, has stayed stable (+2,3%). ⁸ | ↓ | |
| | | Increase the attendance rate | 2022: 92% 2025: 93% | 92.1% (+1.1 p.p. compared to enf of 2023) | ↑ | |
| | | Prevention of labour mortality (own responsibility): 0 deaths | Annual | 0 fatal accidents | = | |
| | | Reduce occupational accidents by 5% | Annual | 423 occurrences (+22.3% than the same period of the previous year). | ↓ | |
| | | | Reduce days lost by 5% | Annual | The number of days lost in the first six months of 2023 represents only 20.8% of the total recorded in 2022. ⁹ | ↑ |
| | | | 1% Training rate (CTT permanent staff) | Annual | 0.8% | = |
| | | | 90% rate of workers trained (CTT permanent staff) | Annual | 46% of the population has already received training in the first six months of the year. | ↑ |
| | | ENSURE ACCESS TO INCLUSIVE, QUALITY AND EQUITABLE EDUCATION AND PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL | Provide a welcome and integration programme to all new hirings, to enhance the experience of the worker | 2022 | 258 participations and more than 6,100 hours. The number of participants represents 38% of the 2022 total. | ↓ |
| | Assess employee satisfaction: quarterly survey | | Annual | Survey conducted. The data is under analysis and will be released during the 2 nd semester. | = | |
| | Create and implement the new onboarding programme for integrating new employees | | 2025 | Content under development. The program is expected to start in September. | = | |
| Disseminate a training programme for new managers (e-learning) on equal opportunities and non-discrimination | 2022: c. 800 people 2023: Communicate annually | | Start of the FAST TRACK training program, with 675 participations and 3 541 training hours delivered. | ↑ | | |
| | | Create and implement the new training programme on Equal opportunities and non-discrimination, aimed at recruitment, management and the internal public in general | 2023-2025 | To be implemented in 2024. | ✗ | |

⁸ Data for June are still estimates. The increase is linked with there being greater distances covered by motorcycle, more akin to the type of accidents that cause injuries. A reduction in the use of this kind of vehicles will bring about the desired reduction in accidents.

⁹ The number of injuries is lower, which is confirmed by the number of days lost, despite the rise in the number of accidents.

It should be noted that the lost days for accidents that happened in the 1st semester will most likely carry on to the 2nd semester.

| ESG strategic goals | Sustainable Development Goals | CTT goals | Time frame | State of play 1 st half of 2023 | |
|---|--|---|------------|---|----|
| CARE FOR CTT PEOPLE AND THE DIVERSITY EXPERIENCE Be a benchmark employer, leveraged by a people-centred culture, by 2030 | ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS | Achieve gender parity in senior and middle management positions (45%) | 2025 | 39.9 (-0.6 p.p. than at the end of 2022) | ↓↓ |
| | | Publish and implement the CTT Equality Plan | Annual | Under implementation. | = |
| | | Analyse the wage gap | 2021-2023 | To be implemented in the 2 nd semester | = |
| PROMOTE PROXIMITY TO THE LOCAL COMMUNITY Strengthen the Iberian presence and the active involvement of employees in actions with a positive impact on communities | REDUCE INEQUALITIES WITHIN AND BETWEEN COUNTRIES | Promote corporate volunteering and corporate social support actions: 6 actions | Annual | 9 actions carried out | ☑ |
| | | Promote the active participation of employees in up to three volunteer days per year | 2025 | Annual average per participant: 6 hours 862 volunteering hours were performed by a total of 219 people | ↑↑ |
| | | Invest 1% of recurring EBIT in social impact projects | 2025 | Investment in community impact programmes of 0.29% of recurring EBIT. The total investment was €140,645.00 (22% of the 2022 total). | ↓↓ |
| | | Maintain CTT capillarity for 100% of municipalities and rural areas with at least one CTT post office | Annual | Accomplished | = |
| | | Contract 75% of services to local suppliers (in the Iberian Peninsula) | 2025 | 99.8% | ↑↑ |

| ESG strategic goals | Sustainable Development Goals | CTT goals | Time frame | State of play 1 st half of 2023 | |
|---|---|--|-----------------------------|---|---|
| <p>CREATE A GOVERNANCE MODEL OF REFERENCE</p> <p>Ensure the involvement of CTT people in the Company's culture and strategic goals</p> | <p>8</p> <p>PROMOTE INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL</p> | Maintain the endorsement of the 10 principles of the United Nations Global Compact (UNGC) | Annual | Continued membership of the UNGC and the Business Ambition for 1.5° C initiative ensured | ✓ |
| | | Score in the Leadership position in the Carbon Disclosure Project - Climate Change | Annual | Submission of response in progress. Outcome expected in the 2 nd semester. | ✓ |
| | | Score 90% on the sustainability proficiency rating (SMP) of IPC's SMMS - Sustainability Measurement System programme | 2030 | Score of 79.1% in SMP (+5.8 p.p. compared to the 2022 score) | ✓ |
| | | Reinforce the alignment of the ESG programme in meetings with Top Management (held quarterly) - Sustainability Committee | Annual (quarterly meetings) | Two ESG Steering Committee meetings were held with the presence of the Board of Directors. Five meetings between the Steering Committee and the Sustainability Committee are planned until the end of the year. | = |
| | | Introduce ESG incentives in the 50% targets of top and middle management | 2025 | The CEO position has ESG incentives linked to the objectives. Extension to other management functions is under preparation and planned for the 2 nd semester. | = |
| | | Create opportunities and professional occupation for people with disabilities by hiring 50 workers | 2025 | Data on integration of persons with disabilities under study. Results will be obtained in the 2 nd semester. | = |
| | | Promote open and trustful communication channels with Stakeholders | Annual (regular activity) | Segmented communication of the results to the Community in general, through the Press Office and the CTT website, and specifically to investors and employees, through the Intranet and the weekly internal newsletter. | ✓ |

| ESG strategic goals | Sustainable Development Goals | CTT goals | Time frame | State of play 1 st half of 2023 | |
|---------------------|-------------------------------|---|------------|--|---|
| | | Disseminate the new CTT Code of Ethics to all employees | 2023-2024 | Scheduled for the 2 nd semester. | = |
| | | Maintain the certification of CTT operations | Annual | Accomplished | ✓ |
| | | Maintain the certification of subsidiary companies | Annual | CTT Espresso and CTT Express certifications maintained. | ✓ |
| | | Maintenance of corporate certification (ISO 14001, 9001, 45001) | Annual | Ongoing. An external audit will take place in September. | = |
| | | Maintain the certification as a Family-Responsible Company | Annual | Accomplished | ✓ |
| | | Average Response Time for Universal Service Complaints National target: <= 15 days International target: <= 56 days | Annual | National: 15.4 days (-3.8 days compared to the end of 2022). International: 28.5 days (-19.8 days compared to the end of 2022). | ↑ |
| | | Maintain or improve positioning in IPC's Letter-mail Interconnect Remuneration Agreement Europe ranking, K+1 | Annual | The results are scheduled for the 2 nd semester. | = |
| | | Maintain the result in the UPU Global Monitoring System, inbound above target | Annual | The results will come out in the 2 nd semester. | = |

4.2 Economic and Financial Performance

Revenues

CTT's consolidated revenues amounted to €480.4m in 1H23, an increase of €34.0m (+7.6%) compared to 1H22 that reflects the growth in all business units, except Mail & Other, broken down as follows: Financial Services & Retail (+€22.1m; +91.4% y.o.y); Express & Parcels (+€18.6m; +15.2% y.o.y); Banco CTT (+€11.9m; +20.5% y.o.y); and Mail & Other (-€18.7m; -7.7% y.o.y).

| Revenues | | | | | | | | |
|-----------------------------|--------------|--------------|-------------|------------|--------------|--------------|-------------|--------------|
| € million | | | | | | | | |
| | 1H22 | 1H23 | Δ | Δ% | 2Q22 | 2Q23 | Δ | Δ% |
| Revenues | 446.4 | 480.4 | 34.0 | 0.1 | 211,7 | 238,6 | 26,9 | 12,7% |
| Mail & Other | 241,6 | 222,9 | (18,7) | (0,1) | 108,1 | 108,6 | 0,4 | 0,4% |
| Express & Parcels | 122,7 | 141,3 | 18,6 | 0,2 | 61,3 | 76,7 | 15,3 | 25,0% |
| Banco CTT | 57,9 | 69,8 | 11,9 | 0,2 | 29,9 | 35,8 | 5,9 | 19,7% |
| Financial Services & Retail | 24,2 | 46,3 | 22,1 | 0,9 | 12,3 | 17,6 | 5,3 | 42,9% |

Operating Costs

Operating costs totalled €441.1m in 1H23 (+€15.4m; +3.6% y.o.y).

| Operating Costs | | | | | | | | |
|--|--------------|--------------|-------------|-------------|--------------|--------------|-------------|--------------|
| € million | | | | | | | | |
| | 1H22 | 1H23 | Δ | Δ% | 2Q22 | 2Q23 | Δ | Δ% |
| Staff costs | 178.5 | 193.4 | 14.9 | 8.4% | 86.7 | 95.7 | 9.0 | 10.4% |
| ES&S | 165.4 | 173.0 | 7.6 | 4.6% | 80.1 | 88.2 | 8.1 | 10.1% |
| Impairments & provisions | 13.2 | 15.3 | 2.2 | 16.3% | 7.4 | 7.3 | (0.1) | (1.3%) |
| Other costs | 38.9 | 18.5 | (20.4) | (52.4%) | 9.0 | 8.1 | (0.9) | (10.3%) |
| Operating costs (EBITDA) | 396.0 | 400.3 | 4.3 | 1.1% | 183.3 | 199.4 | 16.1 | 8.8% |
| Depreciation & amortization | 31.8 | 31.7 | (0.1) | (0.2%) | 16.4 | 16.6 | 0.2 | 1.0% |
| Specific items | (2.1) | 9.1 | 11.2 | » | 0.6 | 8.4 | 7.7 | » |
| Corporate restructuring costs and strategic projects | 3.6 | 4.5 | 0.9 | 24.9% | 2.9 | 3.5 | 0.5 | 18.0% |
| Other non-recurring revenues and costs | (5.7) | 4.6 | 10.3 | » | (2.3) | 4.9 | 7.2 | » |
| Operating costs | 425.7 | 441.1 | 15.4 | 3.6% | 200.3 | 224.3 | 24.0 | 12.0% |

Staff costs increased by €14.9m (+8.4% y.o.y) in 1H23, mostly as a result of the salary increase and the increase in the national minimum wage (+€8.1m), which constituted an additional effort by the Company due to the current economic situation. Additionally, the growth in the contact centre activity and document management of the Mail & Other corporate solutions business line, as well as in the Express & Parcels activity, also contributed to this evolution in costs.

External supplies & services costs increased by €7.6m (+4.6% y.o.y) due to the growth in direct costs of the Express & Parcels services (+€11.2m), partly offset by the reduction in direct costs of Mail services (-€6.8m y.o.y) to which the impact of the elections in 1Q22 was a contributing factor.

Impairments and provisions increased by €2.2m in 1H23 (+16.3% y.o.y), as a result of the growth in mortgage loans.

Other costs decreased by €20.4m (-52.4% y.o.y), mainly due to the business solutions laptop sale project that took place in 1Q22 (-€20.7m y.o.y).

Depreciation & amortisation decreased by €0.1m (-0.2% y.o.y) in 1H23, positively impacted by the revision of the useful life of some assets (-€1.9m). This effect was partly offset by investment in IT systems (+€1.4m), sorting equipment (+€0.3m) and by the implementation of new building and vehicle lease contracts which impacted amortisation (+€0.2m) due to the IFRS 16 accounting standard.

Specific items amounted to €9.1m in 1H23, due to: (i) restructuring costs, namely suspension agreements of employment contracts (+€3.4m); (ii) strategic projects (+€1.1m); (iii) reinforcement of the impairment loss relative to the former headquarters(+€5.2m); (iv) the change of head office building (-€0.6m); and (v) gross gains from the appreciation of contracted derivatives (-€0.0m).

Recurring EBIT

Recurring EBIT stood at €48.4m in 1H23 (+€29.7m; +159.3% y.o.y), with a margin of 10.1% (4.2% in 1H22). All business units posted recurring EBIT growth: Financial Services & Retail by +€16.8m (+149.9% y.o.y); Mail & Other by +€6.6m (+378.4% y.o.y); Banco CTT by +€4.2m (+76.3% y.o.y); and Express & Parcels by +€2.2m (+58.7% y.o.y).

Recurring EBIT by business unit

| | € million | | | | | | | |
|------------------------------|-------------|-------------|-------------|----------|-------------|-------------|-------------|---------------|
| | 1H22 | 1H23 | Δ | Δ% | 2Q22 | 2Q23 | Δ | Δ% |
| EBIT by business unit | 18.6 | 48.4 | 29.7 | » | 12.0 | 22.7 | 10.7 | 89.2 % |
| Mail & Other | (1.7) | 4.8 | 6.6 | » | 1.6 | 2.2 | 0.6 | 37.9% |
| Express & Parcels | 3.7 | 5.9 | 2.2 | 58.7% | 2.4 | 5.2 | 2.8 | 120.1% |
| Banco CTT | 5.5 | 9.7 | 4.2 | 76.3% | 2.1 | 5.4 | 3.3 | » |
| Financial Services & Retail | 11.2 | 27.9 | 16.8 | 149.9 % | 6.0 | 9.9 | 3.9 | 65.8 % |

It is worth highlighting in 2Q23 the growth of recurring EBIT in Express & Parcels (+€2.8m; +120.1% y.o.y), leveraged mainly on the growth of recurring EBIT in Spain (+€2.3m; +239.9% y.o.y) based on the increase in e-commerce volumes (+44.2%). This performance allowed Spain to return to a positive recurring EBIT¹⁰ in 2Q23.

Financial results and Net profit

The **consolidated financial results** amounted to -€7.1m (-€2.5m; -53.2% y.o.y).

Financial Results

| | € million | | | | | | | |
|---|--------------|--------------|--------------|----------------|--------------|--------------|--------------|----------------|
| | 1H22 | 1H23 | Δ | Δ% | 2Q22 | 2Q23 | Δ | Δ% |
| Financial results | (4.7) | (7.1) | (2.5) | (53.2)% | (2.5) | (4.0) | (1.5) | (58.9%) |
| Financial income, net | (4.6) | (7.1) | (2.6) | (56.6)% | (2.5) | (4.0) | (1.6) | (63.2%) |
| Financial costs and losses | (4.6) | (7.7) | (3.2) | (69.6)% | (2.4) | (4.2) | (1.9) | (79.8%) |
| Financial income | 0.0 | 0.6 | 0.6 | » | (0.1) | 0.2 | 0.3 | » |
| Gains/losses in subsidiaries, associated companies and joint ventures | (0.1) | 0.0 | 0.1 | 101.7 % | (0.1) | 0,0 | 0,1 | 113.5% |

Financial costs and losses incurred amounted to €7.7m, mainly incorporating financial costs related to post-employment and long-term employee benefits of €3.6m, the most significant increase of which is

¹⁰ Individual accounts.

due to the increase in the discount rate in the 2022 valuation, interest expense associated to finance leases liabilities linked to the implementation of IFRS 16 for an amount of €1.7m and interest expense on bank loans for an amount of €2.2m.

In 1H23, CTT obtained a **consolidated net profit** attributable to equity holders of €26.0m, which is €11.5m above 1H22. The evolution of consolidated net income was positively impacted by the growth of recurring EBIT (+€29.7m) and negatively affected by (i) the worsening of financial results (-€2.5m), (ii) the unfavourable evolution of the corporate income tax for the period (+€4.6m), (iii) specific items, as in 1H22 CTT registered a gain of €2.1m as compared to a loss of €9.1m registered in 2023.

Investment

Capex stood at €11.3m in 1H23 (-€0.7m; -5.6% y.o.y).

This evolution is justified above all by the investment made in sorting centres as of late. CTT maintains its focus on improving IT systems, especially in the area of Express & Parcels and Banco CTT where investment in IT systems to support the business was reinforced.

Cash flow

In 1H23, the Company generated an operating **cash flow** of €55.6m (+€36.7m). The growth of operating cash flow is primarily explained by (i) the favourable performance in terms of generated EBITDA (+€50.4m to €80.1m), as well as by (ii) the positive evolution of working capital (+€15.0m). The €2.5m reduction in the non-cash items at the EBITDA level was offset by higher cash costs related with specific items (a deterioration of €11.2m). On the other hand, the capex in 1H23 was broadly stable as compared to 1H22.

In terms of working capital, the evolution observed results from a positive performance of EBITDA-related items, reflecting a more efficient management of accounts receivable and accounts payable which positively impacted the average collection period, as well as the average payment deadlines.

Cash flow

| | € million | | | | | | | |
|--|---------------|----------------|---------------|----------|---------------|----------------|----------------|--------------|
| | 1H22 | 1H23 | Δ | Δ% | 2Q22 | 2Q23 | Δ | Δ% |
| EBITDA | 50.4 | 80.1 | 29.6 | 58.7 % | 28.4 | 39.2 | 10.8 | 38.2% |
| Non-cash items* | (3.4) | (0.9) | 2.5 | 74.2 % | (1.1) | (1.3) | (0.2) | (17.0%) |
| Specific items** | 2.1 | (9.1) | (11.2) | « | (0.6) | (8.4) | (7.7) | « |
| Capex | (12.0) | (11.3) | 0.7 | 5.6 % | (6.1) | (5.8) | 0.3 | 5.0% |
| Δ Working capital | (18.2) | (3.2) | 15.0 | 82.5 % | (12.0) | (12.4) | (0.4) | (3.3%) |
| Operating cash flow | 19.0 | 55.6 | 36.7 | » | 8.6 | 11.5 | 2.8 | 33.0% |
| Employee benefits | (7.5) | (8.3) | (0.8) | (10.2)% | (3.4) | (3.9) | (0.5) | (15.8%) |
| Tax | (7.6) | 0.6 | 8.2 | 108.0 % | (7.6) | 0.7 | 8.3 | 109.2% |
| Free cash flow | 3.8 | 47.9 | 44.1 | » | (2.4) | 8.3 | 10.7 | » |
| Debt (principal + interest) | (8.0) | 27.2 | 35.2 | » | (4.1) | (7.6) | (3.5) | (85.7%) |
| Dividends | (17.7) | (17.9) | (0.2) | (1.3)% | (17.7) | (17.9) | (0.2) | (1.3%) |
| Acquisition of own shares | (15.4) | (0.2) | 15.2 | 99.0 % | (13.7) | (0.2) | 13.6 | 98.8% |
| Disposal of buildings | 0.0 | 0.0 | (0,0) | (76.6)% | 0.0 | 0.0 | (0,0) | (86.8%) |
| Investments in associated companies and joint ventures | (0.2) | (0.7) | (0.6) | « | (0.2) | (0.7) | (0.6) | « |
| Change in adjusted cash | (37.3) | 56.3 | 93.7 | » | (38.0) | (18.1) | 19.9 | 52.4% |
| Δ Liabilities related to Financial Serv. & others and Banco CTT, net ¹¹ | (6.0) | (160.8) | (154.8) | « | 112.2 | (220.0) | (332.1) | « |
| Δ Other ¹² | 12.7 | (15.7) | (28.4) | « | 6.9 | (14.7) | (21.5) | « |
| Net change in cash | (30.6) | (120.2) | (89.6) | « | 81.1 | (252.7) | (333.8) | « |

*Impairments, Provisions and IFRS 16 affecting EBITDA.

**Specific items affecting EBITDA.

Consolidated Balance Sheet

Consolidated Balance Sheet

| | € million | | | |
|--|----------------|----------------|---------------|---------------|
| | 31.12.2022 | 30.06.2023 | Δ | Δ% |
| Non-current assets | 2,253.3 | 2,279.9 | 26.6 | 1.2% |
| Current assets | 1,804.2 | 1,765.0 | (39.2) | (2.2%) |
| Assets | 4,057.5 | 4,044.9 | (12.6) | (0.3%) |
| Equity | 224.9 | 233.2 | 8.3 | 3.7% |
| Liabilities | 3,832.6 | 3,811.7 | (20.9) | (0.5%) |
| Non-current liabilities | 789.4 | 780.1 | (9.3) | (1.2%) |
| Current liabilities | 3,043.1 | 3,031.6 | (11.6) | (0.4%) |
| Equity and consolidated liabilities | 4,057.5 | 4,044.9 | (12.6) | (0.3%) |

The key aspects of the comparison between the **balance sheet** as at 30.06.2023 and that as at 31.12.2022 are as follows:

- **Assets** decreased by €12.6m, mainly due to the decrease in cash and cash equivalents following the reduction in public debt subscriptions (-€120.2m), the decrease in Investment in securities at amortised cost (-€95.6m) as a result of the divestment in public debt securities. This

¹¹ The change in net liabilities of Financial Services and Banco CTT reflects the evolution of credit balances with third parties, depositors or other banking financial liabilities, net of the amounts invested in credit or investments in securities/banking financial assets, of entities of the CTT Group providing financial services, namely the financial services of CTT, Payshop, Banco CTT and 321 Crédito.

¹² The change in other cash items reflects the evolution of Banco CTT's sight deposits at Banco de Portugal, outstanding cheques/clearing of Banco CTT cheques, and impairment of sight and term deposits and bank applications.

decrease was partly attenuated by the increase in Other banking financial assets (+€166.3m) as a result of the increase in bank applications made by Banco CTT in central banks, as well as by the growth in loans and advances to bank customers (+€17.1m) and the increase in Other current assets (+€24.0m) explained essentially by the increase in the collateral supporting Banco CTT's derivatives operations and the higher amounts to be reimbursed related to the Mobility Subsidy of the Autonomous Regions.

- **Equity** increased by €8.3m following the net profit attributable to shareholders of the CTT Group in 1H23 in the amount of €26.0m and the payment of dividends amounting to €17.8m that took place in CTT, SA.
- **Liabilities** decreased by €20.9m, mostly due to the reduction in accounts payable (-€160.6m) largely due to lower subscriptions of public debt securities, the decrease in Debt securities issued at amortised cost (-€37.2m) following the number of withdrawals occurred. On the other hand, there was an increase in Banking clients' deposits and other loans (+€142.5m), as well as in Medium and long-term debt as a result of the combined effect of the commercial paper programmes contracted and the payment of a tranche of the loan with Novo Banco (+€19.0m), and an increment in Other current liabilities (+€19.9m).

The CTT Group consolidated balance sheet excluding Banco CTT from the full consolidation perimeter and accounting it as a financial investment measured by the equity method would be as follows:

Consolidated Balance Sheet with Banco CTT under equity method

| | 31.12.2022 | 30.06.2023 | Δ | Δ% |
|--|----------------|----------------|----------------|----------------|
| | | | | € million |
| Non-current assets | 687.9 | 680.3 | (7.6) | (1.1%) |
| Current assets | 566.0 | 475.1 | (90.9) | (16.1%) |
| Assets | 1,253.9 | 1,155.4 | (98.5) | (7.9%) |
| Equity | 225.2 | 233.4 | 8.3 | 3.7% |
| Liabilities | 1,028.7 | 922.0 | (106.7) | (10.4%) |
| Non-current liabilities | 331.1 | 359.4 | 28.3 | 8.5% |
| Current liabilities | 697.6 | 562.6 | (135.0) | (19.4%) |
| Equity and consolidated liabilities | 1,253.9 | 1,155.4 | (98.5) | (7.9%) |

Liabilities related to employee benefits (post-employment and long-term benefits) stood at €208.3m in June 2023, down by €1.9m compared to December 2022, broken down as specified in the table below:

Liabilities related to employee benefits

| | 31.12.2022 | 30.06.2023 | Δ | Δ% |
|--|--------------|--------------|--------------|---------------|
| Total liabilities | 210.2 | 208.3 | (1.9) | (0.9%) |
| Healthcare | 190.4 | 189.0 | (1.4) | (0.7%) |
| Healthcare (321 Crédito) | 1.0 | 1.0 | 0.1 | 5.6% |
| Suspension agreements | 10.3 | 11.2 | 0.9 | 8.3% |
| Other long-term employee benefits | 5.1 | 5.0 | (0.1) | (1.6%) |
| Other long-term benefits (321 Crédito) | 0.2 | 0.2 | 0.0 | 5.4% |
| Pension plan | 0.2 | 0.2 | (0,0) | (3.8%) |
| Other benefits | 3.0 | 1.7 | (1.3) | (44.3%) |
| Deferred tax assets | (59.5) | (59.2) | 0.3 | 0.5% |
| Current amount of after-tax liabilities | 150.7 | 149.1 | (1.6) | (1.1%) |

These liabilities related to employee benefits are associated with deferred tax assets amounting to €59.2m, which brings the current amount of liabilities related to employee benefits net of deferred tax assets associated with them to €149.1m.

Consolidated net debt

Consolidated net debt

| | 31.12.2021 | 30.06.2022 | Δ | Δ% |
|---|----------------|---------------|----------------|-----------------|
| Net debt | 29.8 | (7.6) | (37.3) | (125.4%) |
| ST & LT debt | 196.0 | 215.0 | 19.0 | 9.7% |
| of which Finance leases (IFRS16) | 125.9 | 117.0 | (8.9) | (7.0%) |
| Adjusted cash (I+II) | 166.2 | 222.5 | 56.3 | 33.9% |
| Cash & cash equivalents | 456.5 | 336.3 | (120.2) | (26.3%) |
| Cash & cash equivalents at the end of the period (I) | 410.8 | 306.3 | (104.5) | (25.4%) |
| Other cash items | 45.7 | 30.0 | (15.7) | (34.4%) |
| Other Financial Services liabilities, net (II) | (244.6) | (83.8) | 160.8 | 65.7% |

The key aspects of the comparison between the **consolidated net debt** as at 30.06.2023 and that as at 31.12.2022 are as follows:

- **Adjusted cash** grew by €56.3m, as the positive performance of the operating cash flow (+€55.6m) offset the payment of employee benefits (-€8.3m), the payment of dividends (-€17.9m), the acquisition of own shares and investments in associated companies (-€0.9m), as well as the contracting of commercial paper programmes (+€34.9m).
- **Short-term & long-term debt** increased by €19.0m essentially due to the combined effect of the decrease in lease liabilities (-€8.9m), the payment of a tranche of the loan with Novo Banco (-€7.0m) and the contracting of the above-mentioned commercial paper programmes (+€34.9m).

CTT Group net debt excluding Banco CTT from the full consolidation perimeter and accounting it as a financial investment measured by the equity method would be as follows:

Consolidated net debt with Banco CTT under equity method

| | 31.12.2022 | 30.06.2023 | Δ | Δ% |
|---|----------------|----------------|----------------|----------------|
| Net debt with Banco CTT under equity method | 192.6 | 174.6 | (17.9) | (9.3%) |
| ST & LT debt | 192.0 | 211.6 | 19.6 | 10.2% |
| of which Finance leases (IFRS16) | 122.0 | 113.7 | (8.3) | (6.8%) |
| Adjusted cash (I+II) | (0.5) | 37.0 | 37.5 | » |
| Cash & cash equivalents | 361.2 | 245.7 | (115.5) | (32.0%) |
| Cash & cash equivalents at the end of the period (I) | 361.2 | 245.7 | (115.5) | (32.0%) |
| Other cash items | (0.0) | 0,0 | 0,0 | (148.0%) |
| Other Financial Services liabilities, net (II) | (361.7) | (208.7) | 153.0 | 42.3% |

€ million

4.3 Innovation

4.3.1 Locky lockers

Locky launches the sending and return of parcels through smart lockers

Locky lockers 'by CTT' now allow parcels to be sent and returned in the simple, fast and convenient way that already characterised these smart lockers.

Thus, in addition to receiving parcels, Locky customers can now send or return their parcels through the lockers. This innovative feature became available at the beginning of the 2nd quarter in a pilot version in the Greater Lisbon area and was progressively extended, in stages, to the rest of the country. To send or return a parcel, the process is simple: have a valid parcel to return or send with a transport slip for this purpose, creating an online shipment at CTT or contacting the online shop on how to return the parcel. Then, simply go to the Locky Portal to register the shipment by selecting the desired Locky locker and then deposit the parcel in the locker.

Installation of a refrigerated locker at El Corte Inglés in Gaia

In Porto, Locky has partnered with El Corte Inglés to install a new locker in the Gaia shop, which now has refrigerated compartments for better packaging of cold or frozen products from the Supermarket or Club del Gourmet. This solution allows all customers to collect their click&collect orders, in a totally autonomous way and with maximum convenience. The locker has 16 compartments with room temperature, 4°C (positive cold) and -2°C (negative cold). When the order is ready, customers receive a text message with the pin indicating that they can collect it in the refrigerated locker.

Locky partners with KeyNest to facilitate local accommodation stays

Locky closed an innovative partnership with KeyNest that enabled the key exchange service for Airbnb guests. This solution was initially available in 24 locations in Greater Lisbon. Created to make life easier for everyone who has a stay booked, this service, available 24/7, is secure and very convenient, requiring only a code to open the locker.

Partnership with Nossa Farmácia Group

Locky has entered into a partnership with Grupo Nossa Farmácia, which has been in the market for 10 years and has more than 300 pharmacies from north to south of the country, to install lockers in various

locations of that network. By the end of the year, more than 70 public lockers will be available at various points from north to south of the country, for all customers who wish to receive their parcels there. In addition to receiving e-commerce orders from websites with a CTT delivery point, the lockers will also provide the collection of health and wellness products from the group's pharmacies.

Locky and MC Sonae have signed an agreement for the installation of more lockers in MC Sonae spaces

The goal is to install, in a short period of time, approximately 100 lockers in the various Continente, Modelo and Bom Dia supermarkets and shopping galleries, located in various parts of the country. Thus, within the scope of this partnership, MC Sonae customers have at their disposal a quick, simple and convenient way to pick up their parcels, at any time and in the location that is most advantageous to them.

Locky lockers 'by CTT' arrived in the Autonomous Region of Madeira

In all, there were five locations of this service that can now also be used by customers on the island: CTT post offices of Machico, Calheta, Câmara de Lobos, and at MadeiraShopping and La Vie Funchal shopping centres.

4.3.2 E-commerce

New shipping plugin for sales on Amazon

CTT has extended its shipping plugin service to customers selling on Amazon. CTT's e-commerce service that allows customers to automate their shipments and that, until then, could integrate the shipping services of shops created in Woocommerce, Shopify, Prestashop, Magento2, OpenCart, ECWID and ePages, can now also integrate with sales made on Amazon.

Thus, and with this new extension, Amazon retailers with a shipping contract with CTT Expresso now benefit, free of charge, from several features, such as the automatic import of parcels and generation of transport documentation, updating the item code and parcel status on Amazon, and requesting additional services, such as collection on delivery and delivery time window.

Partnership with eBay to support internationalisation of Portuguese companies

This partnership aims to offer advantageous conditions to companies that use the eBay platform to sell online, supporting the internationalisation of Portuguese companies.

Portuguese companies that join this partnership and sell their products directly on eBay's e-marketplace will be able to use CTT tools that facilitate their shipments. Being on a global platform allows companies to access multiple markets without developments, the possibility to quickly learn which markets their products are most accepted, to have relatively low catalogue display costs compared to physical presence and to benefit from lower barriers to entry.

Joining the programme is free of charge. All companies will receive a Toolkit with a manual and tips on how to sell on eBay and will also have first-hand access to information on all the initiatives being developed under the partnership. Businesses with more than 100 products listed on eBay and that are considered to have high potential will be contacted by an eBay representative to offer them a free sales acceleration programme. This will include a personal training programme with eBay experts, higher sales thresholds and a free three-month eBay shop subscription to help them take their business global and reach 135 million buyers worldwide.

Create online shops simplifies express parcel deliveries

Maintaining its strong commitment to supporting Portuguese small and medium-sized enterprises, both in their entry into e-commerce and in their internationalisation, CTT now makes it possible, through the e-commerce platform *Criar lojas online*, to send parcels to more than 200 destinations worldwide. With this solution, merchants have at their disposal several shipping solutions, tailored to their business: Premium International, the most popular and the fastest; International, the classic for the world; Europe, the classic for Europe; and Europe Light, the most economical.

Benefiting from the integration into the largest national distribution network, the dispatch of orders received in the online shops created on the platform are now carried out exclusively by CTT. The parcel dispatch process is simple and intuitive, associating each parcel with the respective transport documentation and shipping code, which allows the seller and buyer to follow the route of the item to the recipient.

4.3.3 Crypto Stamp CTT

On 28 February, the first Portuguese crypto stamp was launched, issued in physical format and NFT (non-fungible Token), with exclusive benefits for collectors.

This launch, under the theme "Navigating the Future", reinforced CTT's role as one of the most disruptive and active postal operators in the development of new products and services in all areas of the company, including philately. The development of this crypto stamp was carried out in partnership with the Estonian start-up Stampsdaq, a company dedicated to cooperating with postal operators around the world, bridging the gap with collectors.

NFTs are digital files with rarity attributes, which can be equated to pieces of art with a certain market value, and are based on blockchain (a framework that stores transactional records of the general public in the form of databases) to ensure authenticity and security.

This "Caravel" crypto stamp will have a total issue of 40,000 copies, with a face value of €9.90. Of these, 30,000 will be issued in physical format, with their digital "twin" in NFT, and 10,000 will be exclusively digital copies, available on the StampsDaq platform. In the physical version, on sale in physical shops and in the CTT online shop, the buyer receives a card with the physical stamp and a ten-digit numeric code. This code must be entered into the StampsDaq platform to allow digital access to the corresponding NFT stamp.

The NFT stamp, in digital format, has different rarity levels. The one that corresponds to the stamp you bought is only known when you access the StampsDaq platform. In the physical format, there is only the ordinary stamp, but when redeeming the associated NFT, the collector receives a digital stamp with one of four rarity levels. There are four categories.

- Common - 35,000 copies;
- Rare - 4,900 copies;
- Super Rare - 99 copies; and
- Unique - one copy only.

The fact that the level of rarity is unknown at the time of purchase means that it is not possible to choose the associated NFT, which makes this stamp very interesting for both traditional collectors, digital native consumers and, of course, anyone interested in strengthening their wallet.

The digital stamp is accessible in the crypto wallet and can be paid with Matic - the native cryptocurrency of the Polygon network, or by using a credit card. Once the NFT is accessed, it must be saved in the crypto wallet, which allows the stamp to be stored and consulted at any time.

4.3.4 B2C Digital Experience

Full stabilisation of the Super APP

In the first half of 2023, the aim was to ensure that customers could fully experience all the features of the Super APP. Thus, in addition to minor changes in navigation, namely with regard to the personal area, the APP became available in a cloud environment (which made it faster) and navigation errors were unblocked in the Track & Trace, Digital Passwords, Tolls and Online Shipments functionalities. The APP is also being prepared for a scenario close to a paid locker journey, providing a payment wallet in the app. In this way, the customer can load the APP with a amount and directly buy any service with that balance.

Savings Certificates

The possibility of filling in an appointment form in the post office was made available to customers, considerably reducing their waiting time. By filling in the booking form, the customer already uploads the necessary documentation and schedules a time and post office where he/she will make his/her subscription, speeding up the whole process.

Insurance

A new Tranquilidade/CTT agreement now allows our customers to simulate the value of their life and car insurance online, for subsequent contact to finalise the process. With regard to the rest of the portfolio, our customers can now consult all the information online and request a direct contact from the helpline, either to finalise their subscription or to clarify any doubts about the process.

B2B Digital Experience

In the first half of 2023, the focus of the B2B Digital Factory was mainly on two of the identified strategic priorities:

- Creating the foundations for the single portal for business services; and
- Ensuring the minimum conditions for the migration of CTT core applications/portals to the single portal for business services.

These two strategic objectives have guided the work of the teams, both in the conception and design phase and in the development phase, and will also lead to a set of sequential works along the same guiding line in the coming months.

4.3.5 Transformation of Operations

Innovative Iberian app facilitates distribution and the daily life of postmen and women

CTT's daily mail and express delivery activity has been made easier thanks to the launch of a new application: MOBI CTT. This application has emerged as a new work tool for postmen and women that allows them to better manage their daily tasks in a simple, intuitive and organised way.

MOBI CTT is a state-of-the-art tool and one of the key initiatives of the company's Transformation Plan. It was the first Iberian application, developed internally with the collaboration of several areas of the company, which aims to support the activity in Portugal and Spain.

This new product, which will be under constant development, taking into account the defined strategic objectives, offers CTT a great competitive advantage. Among the main features of this application are, for example:

- The obligation to contact the customer when he/she does not respond, before it is recorded that the delivery has not been made;
- The possibility for the postman/woman to use voice commands to speed up actions, such as writing comments associated with a delivery; and
- The ability to facilitate procedures without having to memorise them.

4.3.6 CTT 1520 StartUPProgram

The main objective of the start-up interaction programme was to support and accelerate ideas or business solutions aligned with the needs and strategic objectives of the CTT Group, making the innovation process more agile and reducing uncertainty in the development of new products, services or business models. Since its creation, the programme has mapped more than 1,800 companies, with 26 projects currently underway:

- 11 in commercial partnerships;
- 15 in co-creation projects (one in technical pilot and 14 in production);
- One acquisition; and
- Four investments via Techtree.

In the first half of 2023, two 1520 newsletters were published and two "1520 Meet the Partner" events were organised, bringing together the start-up community with the programme partners. The aim of these initiatives was to strengthen the community spirit among start-ups that collaborate with CTT, promoting and enhancing synergies for innovation projects.

CTT was a strategic partner and one of the main sponsors of the acceleration programme for cleantech start-ups, Clean Future, which aimed to support the creation and development of technological solutions to improve the sustainability of cities. This was one of the operations of the Beato Living Lab Creative Hub, a living lab promoted by Unicorn Factory Lisboa and Startup Lisboa, which also counts Deloitte as a knowledge partner. Clean Future took place during the first half of 2023 and focused on three categories, which had partners with recognised involvement in these areas: Mota-Engil in the Construction category, EMEL in Mobility and GS1 in Retail. These sectors were chosen because they have a high potential for impact in the fight against climate change.

During the ten weeks of the programme, the selected start-ups benefited from mentoring sessions with partners and experts from the programme categories, entrepreneurs and investors, and received support for the validation of their project in the market accompanied by experts. In addition to the proximity to CTT and the Startup Lisboa community, they also had access to a broad community united by the same sustainability values, reinforced by the diversity of workshops with speakers specialised in sustainability and business.

4.3.7 CTT Investment Fund in start-ups - TechTree

The TechTree investment fund to support innovation activities in small and medium-sized enterprises and start-ups has invested in the start-up Fraudio, a platform that prevents, detects and combats fraud in real time.

Fraudio is a Software as a Service (SaaS) platform that, connected to a powerful Artificial Intelligence engine, allows the detection of payment fraud and merchant-initiated fraud, while also offering anti-money laundering solutions throughout the payment chain.

This was the fourth start-up in which the TechTree Fund invested and the operationalisation and monitoring of this investment, and those that arise in the future, will be carried out by our start-up interaction programme, the 1520 StartUProgram.

The TechTree Fund, with an endowment of €5 million, aims to invest in start-ups (seed, series A and growth) and small and medium-sized enterprises, favouring operations in sectors aligned with CTT priorities, namely e-commerce, operations & logistics, communications, fintech, retail, advertising and sustainability. The possibility of co-investment is also foreseen, with the opening for possible partnerships with investor networks, to promote the sharing of investment opportunities.

This fund is fully financed by Grupo CTT and its management was entrusted to Iberis Capital, which has a solid curriculum in investment fund management and a diversified spectrum of companies, from start-ups to SMEs. In the second half of the year, the fund will continue its work of prospecting and analysing potential investments in the areas of interest referred to above.

4.3.8 Incentive programmes for Research, Development and Innovation (RDI)

CTT, CTT Espresso, Banco CTT and 321 Crédito prepared and submitted, during the first half of this year, applications to the SIFIDE programme for the 2022 tax year.

Confirmations of 100% approval were received for the applications submitted in 2022, relating to the 2021 tax year, as well as for the CTT, SA application for 2020, submitted in 2021.

The implementation of the three Mobilising Agendas for Business Innovation, in which CTT participates, continued, and which were approved in Phase II of Call C5 - Capitalisation and Business Innovation of the Recovery and Resilience Plan (RRP). In these agendas, CTT participates in consortium with several relevant entities of the national scientific and technological system, as well as with other players from different industries.

The three initiatives eligible for funding are related to the modernisation of operations (Produtech R3) and sustainable and smart mobility (Be.Neutral and Route 25). The Produtech R3 project aims to study the implementation of two different solutions in the operational area of CTT and CTT Espresso. These are robotic solutions on the shop floor, for automatic palletising; and mobile robotics with Autonomous Mobile Robots, known as AMR, for tugging logistics trolleys and for internal transport of pallets or containers.

CTT's participation as a demonstrator in this project is part of the objective of modernising operations, incorporating Industry 4.0 concepts and technologies for this purpose.

In the Be.Neutral initiative, CTT will participate in the definition of requirements and test several solutions in the field of urban logistics, namely a new four-wheel vehicle, BEN, developed at the CEIIA Engineering and Development Centre in Matosinhos. It is also intended to test the sensing and tracking of vehicles and items, test a mobility and emissions management platform, integrate and analyse the data generated to improve CTT's operational efficiency and fleet management and, finally, test electric charging hubs in cities.

The Route 25 project focuses on autonomous driving, data collection, analysis and representation on specialised platforms. CTT participates in the definition of requirements and tests the following urban logistics solutions:

- Creation of a CTT vehicle sensorisation network;
- Integration with a real-time data visualisation platform (precursor of an Integrated Management Centre);
- Integration of the Virtual World (Digital World) with the Integrated Management Centre;
- Integration of these data lakes with CTT's mobility and energy management platforms; and
- Utilisation of public high-power chargers in urban environments.

CTT's participation in these two initiatives is part of the importance of developing new urban logistics solutions that, on the one hand, promote the existence of smart cities that meet the needs of citizens and companies and, on the other hand, an integrated offer of 100% green delivery solutions, Green Deliveries.

CTT's participation in these RRP Agendas, in addition to making it possible to test innovative technologies and solutions, will allow the expansion of the network of partnerships with entities of the scientific and technological system and other industries and sectors, developing synergies and future collaborations.

4.3.9 Participation in European innovation networks and associations

The work carried out in the different innovation associations in which CTT participates continued.

We were involved in the launch of the 7th edition of the PostEurop Innovation Award, an initiative of the Innovation Forum, a PostEurop working group whose chairmanship is ensured by CTT. This association, which brings together and represents European postal operators since 1992, promotes cooperation, sustainable growth and innovation, being a Restricted Union of the Universal Postal Union.

In addition to this initiative, the 1st half of 2023 was marked by continued participation in various initiatives organised by COTEC and the BRP Association.

4.3.10 Incentive programmes for Research, Development and Innovation (RDI)

As part of the dynamics of the corporate platform for idea management, INOV+, a PitchDay was held for selected ideas from the 12th cycle, in an initiative that promoted the company's collaborative innovation culture. Work also began on the launch of the 13th cycle of challenges.

4.4 Decarbonisation towards Net Zero

CTT sustainability strategy is aligned with the global ambition of limiting global warming to 1.5°C until 2030 and also with the interests and priorities of stakeholders in matters of environmental responsibility, such as the protection of biodiversity and the national forest, as well as social issues, such as the support for the development of underprivileged populations.

4.4.1 Certifications

| Certifications Distinctions | Environment |
|-----------------------------|-------------|
| Benchmarks | ISO 14001 |
| CTT (Corporate) | X |
| Operations | X |
| CTT Espresso | X |
| CTT Contacto | X |
| CTT Express | X |

4.4.2 Energy

The continuous and intense use of fossil fuels - a non-renewable energy resource - is one of the main causes for the growing emission of Greenhouse Gases (GHG) into the atmosphere and, currently, their concentrations are the highest ever recorded. This has innumerable consequences, such as the increase in the Earth's average temperature - which has seen very rapid growth in recent decades - extreme climates and climate disasters. Thus, the management and valorisation of energy sources and energy itself are one of the greatest challenges of our time and require the utmost attention.

With regard to the first half of 2023 compared to the same period of 2022, an increase of 1.4% in the total consumption of energy is estimated. This increase is driven by the consumption of electricity from the network, with an estimated increase of 0.9%, largely due to the higher number of km travelled by CTT's alternative fleet. Even so, the increase in consumption of fuels by the fleet with internal combustion engines was the biggest contributor, as detailed below. It should be noted that there is no longer thermal energy consumption for air conditioning due to the change of CTT's headquarters building.

CTT energy consumption

| GJ | 1H22 | 1H23 | Δ 1H23/1H22 |
|-------------------------------------|------------------|------------------|-------------|
| Total green electricity consumption | 64,088.1 | 64,692.6 | 0.9% |
| Solar panel power consumption | 1,189.3 | 1,201.7 | 1.0% |
| Thermal power consumption | 3,531.6 | — | -100.0% |
| Total fuel consumption | 110,324.3 | 115,946.1 | 5.1% |
| Total gas consumption | 545.7 | 334.2 | -38.8% |
| Total | 179,679.0 | 182,174.6 | 1.4% |

Fuel continues to be the main source of CTT's energy consumption (63,6%). The overall efficiency of the CTT fleet, measured in litres/100 km, improved compared to the same period of last year (9.3 vs 9.4). Although there was a loss of efficiency of 0.4 litres/100 km for light goods vehicles and heavy goods vehicles, this was compensated by a higher use of motorbikes in distribution which, with their average consumption of around 3.2 litres/100 km, caused this overall increase in efficiency. The deterioration in the average consumption of light goods vehicles and heavy goods vehicles is closely related to the increase in the average age of the fleet and the variation in the activity profile, i.e. the trend towards increased use of larger vehicles in response to the higher express mail and parcel volumes carried.

In terms of absolute consumption of litres of fuel, there was an increase. The main reasons were:

- the integration of a relevant part of the mail delivery vehicles which were previously property of the postmen themselves;
- an improvement in the process of registering consumption made through fuel cards in CTT's IT application, allowing the benefit of additional contractual discounts; and
- an average increase of 13,5% in the activity of light passenger vehicles.

In the first half of the year, the acquisition of Guarantee of Origin certificates for CTT's electricity consumption in 2022 was carried out. This mechanism, used by CTT since 2015, guarantees that the electricity consumed by CTT in 2022 was produced, in equal quantity, through 100% renewable sources originating in Portugal.

Buildings

Energy efficiency measures have been implemented in CTT buildings, mainly in the post offices and postal delivery offices, with the installation of more efficient lighting, renewal of air conditioning equipment, the improvement of electrical boards, the installation of infrastructures for charging electric vehicles, interventions in lifts and the setup of lockers, reinforcing the commitment to optimize energy consumption. In all, 113 interventions were made, with an investment of around €174,000. Follow-up was also ensured of the legal obligations applicable to CTT's building stock, in terms of energy certification and energy audits.

In addition, the energy efficiency project of CTT facilities was continued. This project, in partnership with the Portuguese company LMIT, consists of monitoring the energy consumption of 51 relevant facilities, covering the vast majority of the overall energy consumption of the CTT building stock, identifying the technical details of each of these facilities and respective opportunities for energy efficiency improvement and proposals for action. Since the beginning of the project, in 2020, overall energy savings of around 16,9% and monetary savings of €2,508,000 have been achieved in the facilities involved. The main measures are in terms of lighting (management/adaptation of lighting to operation, power reduction, inactivation of lighting, readjustment of motion sensors and replacement with LED lamps) and air conditioning (adjustment of operating hours and reduction of fan speed).

In 2022, CTT invested in the installation of its first UPAC - Production Unit for Self-Consumption at the CTT Espresso warehouse in MARL. The installed power is 410 kWp and allowed the production of 333,8 MWh in the first half of 2023, equivalent to 21,0% of the site's annual consumption last year. The energy produced is intended for CTT consumption and, if there is a surplus, it is injected into the grid.

With regard to the "Solar Neighbourhoods" project, in partnership with EDP, there are already 19 sites with electricity production from photovoltaic solar panels (total power of 2,362 kWp). Of the remaining planned sites, 14 are undergoing technical validation (total power of 5,295 kWp) and 19 are in the licensing phase with DGEG (total power of 3,445 kWp).

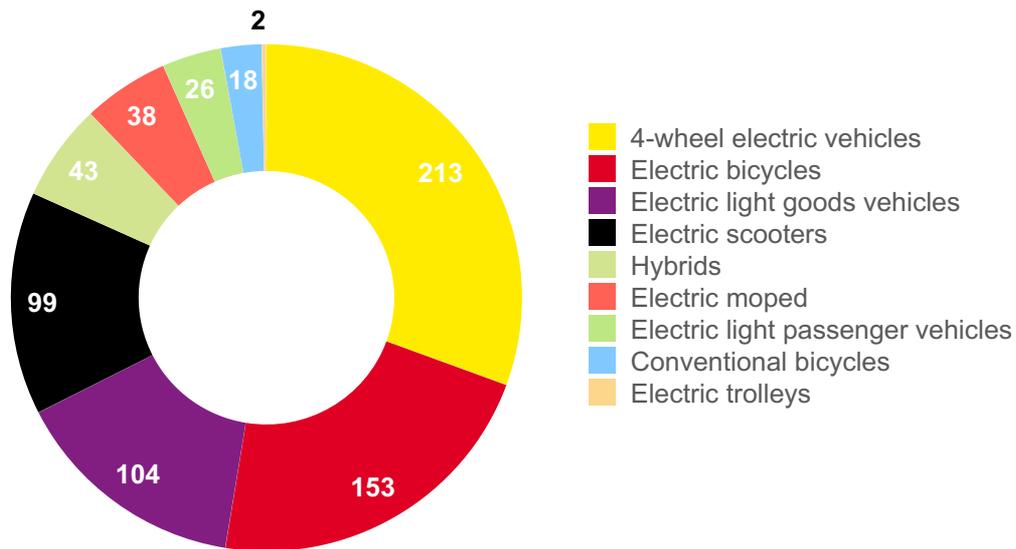
4.4.3 Mobility

CTT has also regularly invested in the renewal of its conventional fleet, according to the multi-annual renovation plans, which has an average of 4.8 years and remains one of the largest and newest in Portugal.

CTT operates one of the largest and most modern fleets of national companies, composed of 4,306 vehicles under direct operation, with transport services also being outsourced to third parties. CTT's fleet includes 696 alternative vehicles, predominantly electric vehicles, corresponding to 16.2% of the

total fleet. It is worth highlighting the reinforcement of the charging infrastructure with the installation of 7 chargers (alternating current) of 22 kW in the CTT headquarters building in Lisbon. Electric vehicles do not emit NO_x particles during use and, as CTT acquires 100% of its electricity from renewable sources, the carbon impact of these electric vehicles is zero, contributing to the improvement of air quality in cities. Still in 2023, there are two fleet renovation processes in the pipeline, for the light goods vehicles and the motorcycles and scooters, which should allow for a considerable increase in the percentage of our electric fleet and the amount of Delivery Centres working exclusively with electric vehicles.

Types of alternative vehicles



The kilometres travelled by CTT's fleet of alternative vehicles increased by 68.9% year-on-year due to the increased number of this type of vehicle and the expansion of its activity.

As a pioneer company in the incorporation of electric vehicles in its vehicle fleet and in the permanent innovation of its products and services, CTT tested several electric vehicles in an operational context: electric motorcycles Silence S02 HS and Super Soco CPx, as well as electric light goods vehicles Dacia Spring Cargo and Ford E-Transit. All these vehicles, being electric, are characterised by the fact that they do not emit greenhouse gases during their use, are silent and also easier to drive (no gearbox). They contribute to reducing CTT's ecological footprint and mitigate the risk of circulation restrictions in urban/historic areas to conventional vehicles. This assessment is essential for future options to increase CTT's electric fleet.

As energy transition is an unavoidable trend nowadays, CTT intends to continue its path promoting efficiency in terms of fossil fuel consumption and electricity consumption from renewable sources and supporting the transition to a sustained and increasing incorporation of electric vehicles and/or vehicles powered by alternative fuels in the fleet. For more than a decade, electric vehicles have been gradually incorporated into CTT's fleet, from electric bicycles, cargo vehicles especially adapted to postal distribution, light goods vehicles and, in the last few years, light passenger vehicles.

In the 1st half of 2023, CTT continued to develop the actions foreseen to be undertaken within the scope of the Lisbon Green Capital Commitment 2020 – Lisbon 2030 Climate Action. The Lisbon Green Capital Commitment 2020 seeks to ensure the contribution of the different economic agents in the achievement of the goals and targets defined under the Action Plan for Sustainable Energies and the Climate, and

fosters a new vision of the city of Lisbon with a view to carbon neutrality by 2050. To this end, CTT submitted measures in the following categories, aimed at improving the company's environmental performance: energy, mobility, water, circular economy, and citizenship and participation. The Corporate Mobility Pact for the City of Lisbon was a public, voluntary, free of charge and collaborative agreement between the Lisbon City Council (CML) and a group of 55 companies and institutions, aimed at actively improving mobility in the city of Lisbon, through the development of more ecological, safe and efficient mobility actions. The results of the 2022 monitoring will soon be presented by CML, with CTT showing a positive evolution compared to 2021 in 17 of the 26 initiatives to which it committed.

4.4.4 Atmospheric emissions

In the 1st half of 2023, there was a increase of 5.0% in CTT's total CO₂ emissions of scopes 1 and 2 (scope 1 - fuel consumption by the fleet and gas consumption in buildings, scope 2 - power and air conditioning consumption) in relation to the same period of the previous year, primarily derived from the increase in fuel consumption. The reasons for this decrease are presented above in section 4.4.2 Energy.

Indirect emissions (scope 3) result from indirect consumption along the value chain, which includes outsourced road, air and maritime transport, delivery made by vehicles owned by the postmen and women, travelling on Company business and commuting:

CTT carbon emissions

| t CO ₂ | 1H22 | 1H23 | Δ 1H23/1H22 |
|--|-----------------|-----------------|--------------|
| Direct emissions – Scope 1 | 7,876.4 | 8,258.9 | 4.9% |
| Indirect emissions – Scope 2 | 6.3 | — | -100.0% |
| Indirect emissions – Scope 3 | 31,616.6 | 28,220.0 | -10.7% |
| Total emissions (Scopes 1, 2 and 3) | 39,499.3 | 36,478.9 | -7.6% |

The activity of the outsourced road fleet decreased (-12.3% of the distance travelled), with direct impact on the associated carbon emissions (-14.2%).

The fleet subcontracted by CTT, SA. recorded an increase in emissions of around 20.8%, the main reason being the transition to retirement age of a greater number of CTT employees who drove heavy vehicles of the CTT fleet, resulting in the need to resort to subcontracting to ensure the execution of the connections in question.

With regard to the CTT Express operation, as from 2021 there was a change in the last-mile distribution model in which franchised operations were progressively replaced by subcontracted transport. This transition had a positive impact on the increase in delivery efficiency, measured in grams of CO₂ per item delivered. At the same time, the use of dynamic route optimisation software and the increased use of PUDO (pick-up and drop-off) points made it possible to reduce the distance travelled by 16.6% compared to the same period last year. It should be noted that emissions fell in line with this figure, also helped by the commitment to newer vehicles, with EURO 6 emissions standard.

Regarding CTT Expresso's operation, despite an 18.6% increase in the distance travelled by light goods vehicles, there was a sharp decrease in kilometres travelled by heavy vehicles, with a strong impact on the reduction of carbon emissions. It should be noted that a significant part of CTT Expresso's freight activity was outsourced during 2021 and 2022, an activity that is not yet reflected in the reported carbon performance.

It should also be noted that CTT has been investing in and implementing dynamic routing IT systems, which enhance route optimisation and, consequently, the energy efficiency associated with the transport and delivery of mail, parcels and express.

It is also worth emphasising that the outsourced fleet of CTT Express and CTT Espresso started to incorporate the use of electric vehicles in distribution in 2022, still on a small scale, but which is intended to be the beginning of a growing trajectory.

Regarding the kilometres travelled by vehicles belonging to postmen and women, there was a decrease due to the integration into the CTT fleet of a relevant part of the vehicles previously driven by these own vehicles.

Emissions resulting from the air transport of mail, express and parcels increased by 1.7% year-on-year. In domestic air transport, emissions increased by 4.5% due to an increase in the weight transported in EMS (12.6%) and parcels (0.7%), despite a decrease of 8.0% in mail. In international air transport there was an increase of 0.9% in emissions: EMS had an increase of 14.1% in the weight carried and non-priority mail registered an increase of 6.5%, and, conversely, priority mail (-9.3%) and parcels (-9.1%) registered a reduction.

Emissions resulting from sea transport of mail, express and parcels decreased by 37.6%, as a result of the normalisation of flights after the disruptions caused by the COVID-19 pandemic and the preference given to air transport.

Emissions resulting from commuting by employees remained stable compared to the same period of the previous year, as the more flexible modes of work organisation introduced during the COVID-19 pandemic were maintained, with a consequent decrease in the average distance travelled and direct impact on this line of the Company's carbon emissions.

Carbon emissions associated with domestic and foreign service trips increased compared to the previous year, justified by operational, commercial and strategic business needs. Nevertheless, the organisation of meetings by audio or videoconference using tools such as MS Teams was continued and emphasised.

Other indirect atmospheric emissions

| t CO ₂ | 1H22 | 1H23 | Δ 1H23/1H22 |
|---|-----------------|-----------------|---------------|
| Air transport | 6,749.4 | 6,862.0 | 1.7% |
| Sea transport | 55.0 | 34.3 | -37.6% |
| Road transport by outsourced fleet | 22,021.2 | 18,706.7 | -15.1% |
| Delivery by postmen on own vehicles | 573.8 | 388.9 | -32.2% |
| Air and rail travel on company business | 21.2 | 39.1 | 84.4% |
| Commuting | 2,196.0 | 2,189.0 | -0.3% |
| Total outsourced transport (Scope 3) | 31,616.6 | 28,220.0 | -10.7% |

4.4.5 Climate change

CTT considers that the combat of climate change is an increasingly important topic for society and for companies and has been pursuing a long journey of promoting and supporting energy transition.

CTT has been experiencing increasing pressure from customers to seek less polluting or carbon-neutral solutions. CTT anticipated this trend with the launch of "green mail" in 2010 and currently the express offer in Portugal is also carbon neutral, with no added costs for customers. Overall, the net-zero offer represents 16.8% of CTT's revenues.

Circular economy

Keeping the focus on the proper management of resources and extending the useful life of products, CTT has been developing projects in the circular economy field. In this sense, we continued the partnership with To Be Green, a spin-off from the University of Minho. The project is based on an innovative concept in Portugal of processing waste and transforming it into new products, which are returned to CTT for reintroduction into our value chain, ensuring the full circularity of these materials. This year, we aim to extend the circularity process to other CTT waste streams besides plastics, namely textiles.

CTT also has the 100% recycled paper shreds project, produced from waste paper at our largest production and logistics centre in Lisbon, which is available in some CTT post offices. These recycled materials are used to fill packages in the Mail Preparation area.

Also with the aim of contributing to a correct waste management, but also wanting to reduce the impacts associated with plastic consumption, CTT acquired a cling film robot for Famões Logistics, which allows a reduction of up to 59.0% of plastic per pallet, through an increase in cling film stretching, and a cost reduction of 54.0% per pallet. This method also enables a reduction in cling film wrapping time, allowing resources to be allocated to other tasks.

In terms of computer consumables, namely ink and toner cartridges, a reverse logistics process was implemented, with the collection of consumables and subsequent refilling. This process has increased the useful life of the consumables, as the original packaging of the cartridges is maintained. This process has also reduced the costs of these consumables by around 60.0%.

CTT strengthened its efforts to incorporate recycled materials into its offer, extending its scope to philatelic products, Banco CTT and the CTT Express offer in Spain. At present, up to 66.0% of CTT's offer already incorporates recycled and reused materials, which reinforces the positive trend of recent years. CTT's commitment is to incorporate 60% recycled and reused materials by 2023, 80% of the offer by 2025, and all of it by 2030.

Biodiversity

Although the impacts on biodiversity are considered to be indirect, CTT dedicates special attention to their mitigation. The fact that a significant part of CTT's business is centred on paper-based communication makes this issue relevant for the company. In this context, we have been investing in the use of paper from sustainable forests and in promoting the use of certified paper in products and services.

For mail solutions, more sustainable options are favoured, especially in terms of the selection of materials to be used. It should be emphasised that CTT sachets and boxes and the green mail offer are FSC certified. Philately has also been using FSC-certified paper in its products since 2010. This year, the first philatelic brochure printed on 100% recycled uncoated paper was launched, which also meets the strict environmental criteria of the Blue Angel certification.

The 9th edition of the "A Tree for the Forest" continued throughout this semester. This initiative aims to reforest with native species some areas of the country, namely protected areas, Classified Areas and National Forests with high fire risk or more affected by forest fires. CTT and Quercus have been partners in this project since 2014. Thanks to the contribution of thousands of people in Portugal and abroad, 115,500 native trees and shrubs have already been planted in the national territory.

4.5 People Engagement

The Human Resources management strategy aims to maximise the employee experience and productivity, in line with the CTT business strategy adopted, increasing employee commitment and encouraging the teams to improve their performance. This strategy aims to promote a positive organisational culture, ensuring the implementation of an employee well-being and commitment policy focused on maximising the customer experience, operational excellence and the organisation's ethical principles.

4.5.1 Characterization of employees

As at 30 June 2023, the CTT **headcount** (permanent and fixed-term staff) consisted of 13,385 employees, corresponding to 582 more (+4.5%) than as at 30 June 2022.

Headcount

| | 30.06.2022 | 30.06.2023 | Δ 2023/2022 | |
|-----------------------------|---------------|---------------|-------------|-------------|
| Mail & Other | 10,993 | 11,175 | 182 | 1.7% |
| Express & Parcels | 1,299 | 1,636 | 337 | 25.9% |
| Banco CTT | 480 | 536 | 56 | 11.7% |
| Financial Services & Retail | 31 | 38 | 7 | 22.6% |
| Total, of which: | 12,803 | 13,385 | 582 | 4.5% |
| Permanent | 11,315 | 11,392 | 77 | 0.7% |
| Fixed-term contracts | 1,488 | 1,993 | 505 | 33.9% |
| Portugal | 12,122 | 12,418 | 296 | 2.4% |
| Other geographies | 681 | 967 | 286 | 42.0% |

There was an increase in the number of employees in the expanding business units, particularly Express & Parcels (+337) and Banco CTT (+56). The Mail & Other business unit also presented growth due to the increased activity of the contact Centre and Document Management in the business solutions area (+243), which was partially offset by the continuation of the human resources optimisation programme taking place mainly in the central structure.

Together, the areas of operations and distribution within the mail network (5,504 employees, of whom 3,978 are delivery postmen and women) and the retail network (2,198 employees) represented circa 67.6% of CTT's permanent staff.

During the 1st half of 2023, the CTT Group absenteeism rate stood at 7.9%, down by 0.4 p.p. compared to the rate registered at the end of last year and 1.4 p.p. below the same period of 2022.

4.5.2 Certifications

| Certifications & distinctions | Work-life balance | Occupational health & safety |
|-------------------------------|----------------------------------|------------------------------|
| Benchmarks | Family-responsible Company - efr | ISO 45001 |
| CTT (Corporate) | X | X |
| Operations | X | X |
| CTT, SA | X | |
| CTT Espresso | X | X |
| CTT Contacto | X | |

4.5.3 Training

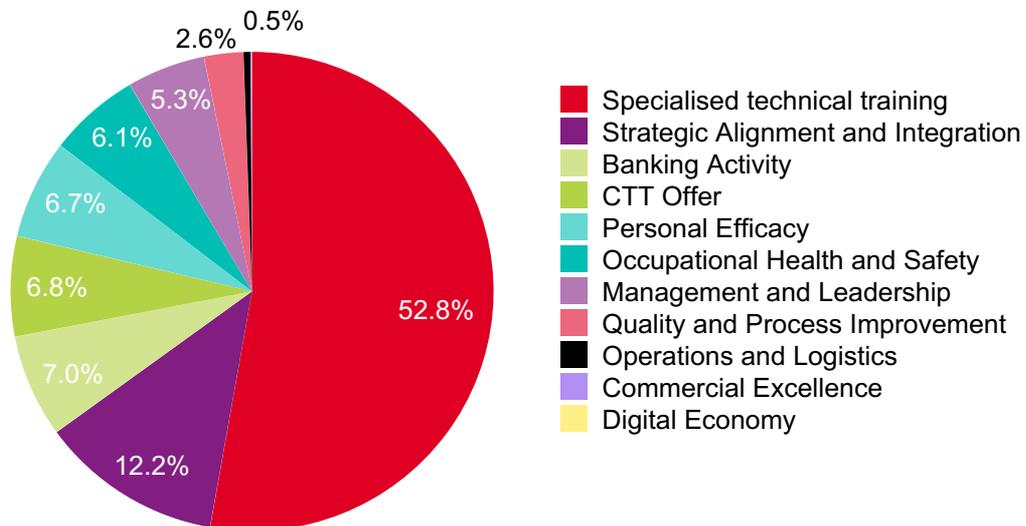
The CTT Academy continued its activity in accordance with the strategic focus on the development of skills of CTT employees based on the following methodological approach:

- Culture and Leadership - Fostering individual commitment to reconnecting people and teams, overcoming limiting beliefs and valuing the purpose of each person's action, with a view to creating value. In addition to being facilitators of this process, leaders will be sought to continuously develop the distinctive capabilities that allow them to make a difference in transforming challenges into opportunities.
- Customer Excellence - promote the systematic updating of the knowledge of the CTT offer and increase the effectiveness of the strategy and processes involved in the act of sale, in the commercial contact, relationship and negotiation, with a view to satisfying the customer's needs and adding value to the business.
- Operational Excellence - Developing the skills that enable the fulfilment of what is promised to customers, through the knowledge of processes, equipment, systems and the adoption of operational practices that lead to the efficiency of assets, in the different stages of the operational flow, in regulatory compliance and promoting quality and sustainability.

This methodological approach had the promotion of a conduct of total transparency and responsibility as a common vector to all these aspects, in a healthy work environment, which valued the dignity of people, contributed to their personal and human development and prevented the practice of less correct acts in the name or on behalf of CTT and Subsidiaries, with negative impacts on its reputation and image.

Eleven programmes were developed that incorporate the Strategic Development and Training Plan and the training volume was distributed as follows:

Training Programmes



The training carried out this semester covered 46.5% of the staff (permanent and fixed-term contracts), with more than 67,000 hours of training and an effort rate of 0.8%. We highlight the following:

- Programmes Ser CTT and Initial and integration training for new employees, which involved 258 participations and more than 6,100 hours.
- Programmes for skills management and continuous learning, which involved more than 14,000 participations and more than 55,000 hours.
- Workers who were informed of the anti-corruption policies and procedures adopted by the organisation, with more than 1,485 participations and a total of more than 25,000 hours.
- Training on policies and procedures relating to human rights aspects involved 258 participations, totalling 563 hours.
- Actions on "Health and Safety at Work" accounted for more than 4,130 hours and more than 5,802 participations for the general population. The specific road prevention programme for areas of operations, which involved more than 4,300 participations and more than 2,200 hours, focused on 11 different topics. It is a programme with recognised success, which has promoted the reduction of absenteeism caused by road accidents, both in terms of reduction in the number of road accidents and in the number of days lost.
- The training area of Certifications and Compliance continued to be highly relevant, with more than 36,000 hours of training disseminated on topics such as ethics, information security, prevention of money laundering and terrorist financing, or data protection.
- In the sustainability axis, more than 1,200 hours of training were provided involving 1,103 participations.
- Other trainings not listed individually in the chart above dealt with topics such as languages, namely English, as well as training for operational teams in the new MOBICTT application.
- Also noteworthy was the start of training in the Leadership Programme - FAST TRACK. This programme aims to cover the entire universe of CTT Group managers (more than 1,400) and, by the end of the first half of the year, 675 participants had already taken part and 3,541 hours of training had been provided.

After overcoming the pandemic context, the focus was maintained on the dissemination of distance training, which accounted for 49.7% of the total volume carried out, and classroom training and local training, which accounted for 21.1% and 17.6% respectively of the volume of training carried out, are also to be highlighted.

Internal awareness-raising on sustainability issues

Since awareness-raising and the provision of information are truly crucial points in the promotion of ESG issues, CTT regularly develops numerous initiatives that promote the dissemination of good practices, among others.

On our Intranet, a link for all CTT People, CTT's sustainability policies and commitments, its performance and initiatives developed for environmental protection and social integration were disseminated. The publication of e-newsletters with sustainability content aimed at employees of the operational areas also continued.

We also highlight two internal events: the participation as a jury member in the final "Eco Packaging" Pitch of the CTT Ambassadors programme and the Sustainability and Talent Panel of the CTT Open Day (Corporate), which boost knowledge on these topics.

4.5.4 Occupational health and safety

CTT provides a Health Plan to its employees and their families. The employees of the other Group companies are offered health insurance.

In the 1st half of 2023, the Viver Programme, aimed at raising awareness of health prevention, continued, with the development of initiatives that promote health and well-being in the organisation. Literacy campaigns on these topics were launched, with the publication of articles, webinars and other online actions, always in the context of prevention and promotion of health and well-being.

The occupational medicine company assessed the health condition of each of our employees at legal intervals, and whenever there was a change in the employee's state of health, or they returned from an illness of more than 30 days or an accident at work, the respective suitability for the job performed was reassessed. If there were limitations to the work, the necessary adjustment in tasks or the reassignment of the employee to new functions was guaranteed.

In addition, the occupational medicine service provider visited workplaces for risk assessment purposes, as did the Occupational Health and Safety professionals.

This policy is applied throughout all companies of the CTT Group.

Participation of the workers

Specific consultations were held with employees, whenever deemed necessary, to address issues such as safety conditions in the use of new equipment, work organisation, adequacy of personal protective equipment, among others.

At the end of this year, a general consultation will be held covering all CTT, CTT Contacto, CTT Espresso, Banco CTT and Payshop employees.

Certified Health Management

Within the scope of occupational health and safety, CTT was certified under the ISO 45001 standard - Occupational Health and Safety Management System:

- Certification in the Express business: Collection, Processing, Transport and Distribution of Documents and Goods, other Postal Items and Complementary Services in the Logistics Area, developed in the Courier, Express and Parcels Market, in the national and international territory.
- Certification of Operations and Business Solutions: CTT operations are certified in the scope of Postal Items Management in the areas of Production and Logistics (North and South), Transport (North, Centre and South), Customs Management, Air Mail Unit (AMU), Collection Counter (North, Centre and South) and Document Management in Business Solutions (Centre and South).

The corporate areas/departments are covered by the Corporate Certification.

CTT Express

CTT Express has its own occupational risk prevention service in Spain, covering the fields of occupational safety, industrial hygiene and ergonomics, as well as applied Psycho-sociology.

In addition, the Spanish branch has an external service covering the same areas of expertise. The two services fulfil the provisions of Royal Decree (RD) 31/97 on PRL and RD 39/97 on "Servicios de Prevención". The combined reach of the two services is 100% of the work centres and each of the jobs that exist there.

The number of inspection visits related to the topic in the first six months of the year in Spain was 49.

4.5.5 Employee experience

Several factors were combined to enrich the employee experience, of which two major projects stand out, with a high impact on the Organisation and on People: the continuation of the integration activities of the efr management system (certification of a family-responsible company) and the respective maintenance of certification, and the continued implementation of the employee portal, My CTT.

Efr management system

Alongside a context of organisational change, in the 1st half of 2023, the activities inherent to the integration of the efr management system were pursued.

Management's commitment to this model was reaffirmed and the team of Technical staff was strengthened. Given the size of the company, a position was created to work more closely with middle management and employees: the efr Ambassador. Ambassadors were appointed and responsibilities for the performance of this role were defined. Both the Ambassadors and the team of Technical staff were trained by XZ Consultants.

In order to achieve alignment between the management and strategic orientation of conciliation at CTT, actions were taken based on the three axes of action identified at the beginning of the certification cycle. A model for analysing and verifying gaps and planning mitigation actions was defined to ensure the fulfilment of the objectives assumed in the initial positioning.

A review of the model's direction was carried out as well as a balance sheet presenting all the work carried out since the certification audit. All the elements were analysed, the results validated and the proposals for improvement approved.

The results achieved are mainly reflected in the development and promotion of measures for all CTT employees, in an equitable and job-adjusted manner. As a result, six new measures were identified, disseminated and added to the tables, of which the following stand out: the implementation and regulation of remote working, part-time work and the new work organisation model; the definition of the criteria for reimbursement of academic and executive training; and the creation of the Junior Account for employees.

At the end of the 1st half of 2023, internal and external follow-up audits were carried out and the results obtained were excellent. The ceremony was organised by the MásFamilia Foundation and ACEGE and was attended, among others, by the CEO of CTT, who participated in the round table on "The importance of efr for the company, employees and society" and the efr Model Management Officer, who received the certification seal in hand.

My CTT

In 2022, My CTT was launched with the aim of streamlining the relationship between the company and its people, through a collaborative portal accessible to the entire CTT staff.

Continuing this objective, and during the 1st half of 2023, new modules were progressively developed in My CTT. One of them was the Employee Central module (Employee Register), which will support all

employee master data, and another module is the Learning module (LMS), which will support the main management processes of the training activity.

Work continues on the Employee Central Payroll, which will go live in the 2nd half of 2023.

Other highlights

In addition to the projects mentioned above, and also with a view to bringing the company closer to its people and their families, 50% of the vacancies in the "Summer Internship Programme 2023", to be held in July and August, have been reserved for the children (or equivalent) of employees who meet the requirements and profile of the functions. This initiative aims to involve families and offer the opportunity for employees' children to develop skills in a business context.

Also noteworthy is the consolidation of the TOU CTT 800 210 010 telephone helpline and the email channel for employee assistance, touctt@ctt.pt. These channels were created with a view to continuously improving the employee experience with regard to requests for information and requests within the scope of the employment relationship with CTT. In the 1st half of 2023, all telephone service lines were assigned to Newspring, a CTT Group company specialised in call centre services, and there was an increase of 102% in the number of calls and 193% in the number of tickets compared to the same period last year, confirming the growing use by employees.

The 1st half of 2023 was also marked by a change in the Internal Communication strategy. "Somos CTT" was transformed into a weekly newsletter summarising corporate news and events published daily on the CTT Intranet. The latter was also reorganised in order to provide a more objective reading. CTT TV was also reactivated in the new headquarters building.

More partnerships and protocols were established with companies with benefits for employees, with special conditions for our own staff being emphasised. The 10% discount for CTT employees on products purchased in the retail network was maintained.

Health and well-being promotion actions were developed, with emphasis on counselling for medical examinations focusing specifically on women's health; the importance of sleep in health, and mindfulness sessions. These actions were carried out in partnership with Medis, aimed at all employees.

The "Deixa comigo!" (Leave it to me!) service was continued, a service exclusively used by employees who want help or have received requests for help or clarification on CTT products and services from their friends and acquaintances.

In order to measure the level of employee satisfaction, as well as the quality of their experience and the impact of internal policies/actions, the NPS (Net Promoter Score) survey was launched in the 1st half of 2023.

4.5.6 Talent management: Performance, Careers and Assessment

The CTT People management strategy aims to improve the employee experience, their level of satisfaction, their involvement in the organisation, their sense of belonging and pride in the brand, in order to increase the commitment of all, making each employee an ambassador of the CTT brand, consequently improving the customer experience.

The "Evoluir CTT" performance management model aims to strengthen the alignment between business and performance cycles, the consolidation of corporate culture and values and the recognition and differentiation of contributions. The process involves the transmission of results by managers to

employees and includes the balance of activity and the presentation of objectives for the new cycle, favouring the identification of possible development needs.

In the 1st half of 2023, the Annual Performance Assessment process for 2022 was launched, using the "Performance & Goals" module, which involved more than 9,000 CTT, CTT Espresso and CTT Contacto employees. The management of this process is fully carried out on the My CTT portal, a user-friendly tool that facilitates and streamlines the relationship between the company and its People.

Based on a talent management and retention policy, based on merit principles, an exceptional salary review was carried out in the 1st half of 2023. There was also an opportunity to award merit-based increments to operational managers, as a way of recognising and highlighting the importance of their commitment and professionalism as essential contributions to CTT's success.

Assessment Centre

At CTT, the motivation and development of employees play a crucial role for the success of the business, and the company has therefore been committed to affirming a culture that favours their experience and skills, making it essential to assess the most critical skills for the performance of the function, allowing better decisions in strategic processes such as: recruitment and selection, professional reclassification, appointment of new managers, development and identification of potential and restructuring (internal mobility).

In this context, using exclusively internal resources, 55 processes were carried out in the assessment centre, with the aim of knowing the individual profile of each employee, mapping his/her skills, knowledge and potential, also identifying lines for his/her training and development.

4.5.7 Diversity and equal opportunities

In terms of balanced gender representation in management and supervisory bodies, CTT's Board of Directors continues to fulfil the proportion provided for in Law 62/2017, with 36.4% women. Looking at the leadership positions in the organisation, from the Board of Directors, through the 1st level Directors and including the 2nd level Directors, we conclude that 39.9% are women, which, compared to the situation at the end of 2022, when this indicator was 40.5%, represents a stabilisation of the pattern.

The measures stipulated in the Gender Equality Plan 2023 are being implemented gradually, according to the objectives of the areas involved, and the implementation deadline for most of them is the end of the year. These measures fall within the following dimensions:

- Strategy, Mission, Vision and Company Values
- Equal access to employment
- Equal working conditions
- Protection in parenthood
- Work-family-life balance

All of these are aligned with the macro objective of achieving gender parity in management positions.

Regarding the commitments made with external entities, CTT became a member of APPDI (Portuguese Association for Diversity and Inclusion), which represents an additional commitment in relation to Diversity and Inclusion. As a result, CTT was present in the Working Groups, participated with several registrations in a training action publicised internally and was invited to speak at the closing ceremony of the Divers@s e Ativ@s Project, all these events promoted by APPDI.

CTT joined an alliance of top companies in their sectors and are founding members of MindAlliance Portugal. MindAlliance was born from the union of the leaders of its founding members who together promote a corporate culture that places the mental health of employees as a strategic priority of their organisations.

As part of the activities with the iGen Forum - Organisations for Equality Forum, and the involvement with CITE - Commission for Equality in Labour and Employment, CTT once again participated in the actions of the Working Groups (WG), having joined WG2, aimed at designing and deepening the equality measures to be implemented by the signatories of the Forum. To this end, on 18 May, CTT renewed its commitments by re-signing the Membership Agreement.

Regarding the diversity, development and extension of the efr culture at CTT, employees were encouraged to participate in internal competitions, with prizes for family enjoyment, reflecting the company's growing care in involving families in internally organised extra-work activities. The same care also extends to the set of partnerships with external entities, which continued to be promoted, offering discounts and special conditions for employees in various areas, extending to their families, and with a special focus on Culture and Entertainment, Sports and Health and Well-being.

CTT's diversity and inclusion policy was further reinforced at the beginning of the year with the hiring of a physically disabled employee to perform data entry tasks in a computer system, in a Mailmanager Insourcing action.

4.6 Community Engagement

In the first six months of 2023, CTT refocused its attention on the dynamics that connect our people with the surrounding communities, through a new approach to volunteering. The 1st half of the year was also the kick-off for a new methodological elaboration of how we measure and manage social impact in order to maximise it. Diversity and equal opportunities.

4.6.1 Volunteering

This year, CTT introduced a new methodology for communicating the volunteer programme, which consisted of making presentations by department and making them aligned with their interests. Based on this new methodology, three volunteering actions were carried out:

- Beach cleaning at Bom Sucesso Beach and Óbidos Lagoon, with the Strategy and Development of Operations department, gathering 53 CTT volunteers and family members;
- Maintenance activities and visit to the Montejunto Wild Animal Recovery Centre, bringing together 21 CTT volunteers; and
- Cleaning of invasive species with the Talent Management Team in which 21 CTT volunteers participated.

By the end of this year, we expect to materialise the interest already shown by several other departments in new volunteering activities.

The following table provides more detailed data on the volunteering activities in the first half of the year:

| Name of the action | No. of CTT volunteers | No. of family members | Duration of the Action (hours) | CTT volunteering amount of time (hours) |
|--|-----------------------|-----------------------|--------------------------------|---|
| EPIS - Mentoring | 4 | 0 | 11.0 | 44.0 |
| EPIS - Opening session | 10 | 0 | 3.0 | 30.0 |
| EPIS - MARL | 5 | 0 | 3.0 | 15.0 |
| EPIS - Jamor | 4 | 0 | 3.0 | 12.0 |
| Blood donation - Cabo Ruivo (Triage) | 8 | 0 | 0.5 | 4.0 |
| Blood donation - Cabo Ruivo (Donation) | 24 | 0 | 1.0 | 24.0 |
| Planting "A Tree for the Forest" | 77 | 72 | 5.0 | 385.0 |
| Beach cleaning - EDO | 31 | 22 | 5.0 | 155.0 |
| Blood donation - IPST (Triage) | 4 | 0 | 0.5 | 2.0 |
| Blood donation - IPST (Donation) | 23 | 0 | 1.0 | 23.0 |
| Visit to CRASM | 21 | 0 | 8.0 | 168.0 |

These figures show that the number of hours dedicated by CTT employees to volunteering in the first half of the year was 862.0. Compared to the same period of 2022, there was a variation of -6.2%. This slight drop was due to a decrease in the hours dedicated to continuous volunteering, offset by the strong growth in the time dedicated to targeted actions, in line with the strategic investment made in this semester. The total accounting of hours is as follows:

| | Continuous volunteering (hours) | Targeted volunteering (hours) | Total (hours) |
|------|---------------------------------|-------------------------------|---------------|
| 2022 | 676.5 | 242.0 | 918.5 |
| 2023 | 101.0 | 761.0 | 862.0 |

The participation of new volunteers in one-off actions also implied a broadening of the base of people who have had contact with volunteering for the first time, at least for several months. Compared to 2022, 118 new volunteers were counted, i.e. 67.4% of the total number of participants. And the level of satisfaction, expressed as having found the action "good" or "very good", was above 95%, which indicates a willingness to participate again.

EPIS

We continued to promote the mentoring and tutoring volunteer project, in partnership with EPIS, with direct support to 11 young people at risk of school failure in the municipality of Seixal. The first meeting took place at Amora Secondary School, with the presentation of the programme and the pairings between mentors, tutors and mentees.

In May, we held the second meeting, with a visit to the MARL Operational/Sorting Centre, where the group had the opportunity to get to know the facilities, equipment and activities developed. This action allowed the contact of these young people with the professional environment, offering them a vision of the future, and the students showed interest, asking several questions and exposing their doubts throughout the visit.

Towards the end of the school year, on 26 June, the mentees were taken to Adventure Park, at the Centro Desportivo Nacional do Jamor, for an orienteering activity, which consisted of a pedestrian race, where each team, equipped with a map and a compass, "navigated" the park in the best way, looking for codes until returning to the starting point. During the course, participants were able to get to know the urban park and all its wooded surroundings, in close contact with nature.

EPIS Social scholarships

In 2022, CTT committed for the first time to supporting EPIS students through the award of social scholarships, a mechanism that differs from the mentoring and tutoring programme by directly allocating a sum of around €500 per year to the scholarship holders. Nevertheless, given the tradition of accompanying EPIS students directly, an ad hoc mentoring programme was established to accompany these scholarships.

The other originality of this initiative is its target audience. Aware that in the areas of computer science and information technology, the labour market is dominated by men and that, since this is an area where, by the simple mechanism of supply and high demand for professionals, salaries tend to be higher, the disparity between men and women tends to exacerbate the gender pay gap. This initiative is intended to be a small contribution to combat this trend at source.

Blood donations

During the 1st half of the year, we held four blood donation events, two in Cabo Ruivo and two at the Portuguese Institute of Blood and Transplantation Centre in Alvalade. In total, 59 volunteers came forward to donate their blood, with 47 being able to make the donation.

4.6.2 Certifications

| Certifications & distinctions | Quality | | Information security | SMETA |
|-------------------------------|----------|------------|----------------------|-------------------|
| | ISO 9001 | APPC Stamp | ISO 27001 (IEC) | SMETA (4 pillars) |
| Benchmarks | | | | |
| CTT (Corporate) | X | | | |
| Operations | X | | X ¹³ | |
| CTT Espresso | X | | | X |
| CTT Express | X | | | |
| CTT Contacto | X | | | |
| Customer support | | X | | |

4.6.3 Intervention actions on environmental and social issues

Environment and biodiversity

A Tree for the Forest

As part of the preservation of the environment and biodiversity, the main annual planting action related to the "A Tree for the Forest" project was carried out. A few weeks before the beginning of spring, Quercus and CTT joined forces and, with the help of more than 100 CTT volunteers and their families, around 5,500 trees of native species were planted. The main species represented were Scots pines, black pines and black oaks, corresponding to the kits sold in the previous edition of the project.

The action took place in the Baldio de S. Pedro, in Serra da Estrela.

Ask an ecologist

The project "Ask an ecologist" was launched in the second term of school, at the beginning of 2023. The initiative aimed to be a bridge between schools and some scientists belonging to the Portuguese Ecological Society - SPECO, to stimulate students' critical thinking, written expression and promote active environmental citizenship. It was addressed to students of the 3rd Cycle of Basic Education, who

¹³ This certification applies only to Printing & Finishing.

gathered in groups to address letters to ecologists with well-structured questions that were then answered in a reasoned manner.

The role of CTT was to provide the writing materials and to send the letters in both directions. To reinforce the educational role of the initiative, the Philately Department provided sheets of stamps dedicated to the theme of ecology and the protection of biodiversity to be used expressly in the letters to be sent to and from the schools.

The project, which took the form of a pilot in its initial year, was a great success. Applications were submitted between 15 January and 15 February and, of the 29 schools that applied, 21 sent their letters, with a total of 155 questions sent. Of particular note was the Basic School of the 2nd and 3rd Cycles of Valongo do Vouga, in Águeda, which sent 21 letters, as well as the Integrated Basic School of Apúlia, in Esposende, from which 16 letters were sent. Geographical dispersion was one of the most positive components of this project, with letters being sent from Minho to Baixo Alentejo, with the Amareleja Primary School addressing five questions to SPECO experts.

In the end, 153 letters arrived within the given deadline and were sent to 22 scientists, who responded to them. Despite the strength of these numbers, especially considering that this is a pilot, already launched at an advanced stage of the school year, the impact of this measure, both in disseminating information to young people and in establishing reading and writing habits by sending letters, will last over time, in a much more profound way.

BIO gardens supported by Banco CTT

During the 1st half of 2023, support was maintained for the BIO Gardens project, in conjunction with the Schools of the European Blue Flag Association, contributing to the construction of gardens in national schools. The aim is to raise awareness and educate school and local communities on the subject of sustainability, namely to encourage students to create and maintain school gardens grown organically, deepening knowledge related to organic farming practices and healthy and sustainable eating.

Movimento Merece/Merits Movement

In an eco-friendly attitude, the new Banco CTT debit cards sent to customers are produced 100% with recycled plastic. In this context, Banco CTT's participation in the Merece Movement, which promotes the collection and valorisation of waste from expired and unused bank cards, also converting this collection into a considerable number of planted trees, in partnership with Quercus, stands out.

Culture

Art Locky Competition

Bruno de Almeida, a Brazilian artist living in Porto, was the winner of the competition that Locky launched in May, which consisted of illustrating one of its lockers in an original way. The challenge was to use a locker as a canvas and took place between 10 April and 10 May.

It had close to 100 applications, and the jury was composed of the artist Another Angelo and the CEO of Locky, Francisco Travassos, who had the difficult task of choosing a winner.

4.6.4 Communication and awareness-raising among the community

CTT provided information on ESG topics through social media and the TV channel available in the nationwide retail network. In addition, CTT promoted multiple participations as speakers in thematic

meetings and conferences. Taking into account some of the most relevant issues for CTT, we highlight the participation in the following meetings:

ESG Strategy

- Worten Conference dedicated to the theme "Sustainability as a Vector of Transformation";
- PostEurop's Go Green event in Tallinn, Estonia;
- Round Table at the World Mail & Express Europe Conference, also in Tallinn.

Environment

- PostEurop's virtual environmental conference;
- IPC Best Practice Seminar on Sustainable Packaging.

Innovation and Sustainability

- TECNET byte event, promoted by SANJOTEC, at Oliva Creative Factory, in São João da Madeira;
- Participation as a jury member in the Clean Future programme promoted by Unicorn Factory Lisboa and Startup Lisboa.

Social Impact

- Participation in the final jury of the RISE for Impact programme, at Casa do Impacto, in Lisbon.

4.6.5 Strategic philanthropy and social impact

As the company commits to specific targets in community support, notably through a pledge to dedicate 1% of its Recurring EBIT to community support, it has become more demanding with the way in which the donations it awards are applied, starting a process of migration towards a notion of "strategic philanthropy".

This new definition of impact generation is, above all, increasingly moving away from the classic mismatch between the mechanics of income generation and those of community support. On the contrary, CTT is interested in support mechanisms that promote income generation by supported organisations, as they ensure two core elements:

- Organisations find ways to ensure their viability and autonomy.
- The income generated can be reinvested, giving a second life to the initial donation.

In addition to the philosophy behind the initiatives supported, the topic of maximising the generation of impact in the community is closely linked to that of its measurement and, consequently, its management. To this end, in the 1st half of 2023 an internal capacity building process was initiated, firstly aimed at the Company's top leadership, who took a personal interest in the topic. This process, which will now be extended to the rest of the organisation, aims to establish a new language to address social impact issues, supported by the international methodology of the Impact Management Platform.

Finally, in addition to the methodology topics, CTT is committed to directing its efforts to the issues where it can generate the greatest impact, taking into account the nature of its structure and operation. To this end, a survey was launched, which was also addressed to the company's top leadership and

was later extended to the entire organisation and, in this case, to other critical stakeholders: investors, business customers, suppliers and the community in general (including our private customers). The objective was to understand which topics of social interest should be the focus of CTT's action on the ground, and its results have already been analysed in the first weeks of the 2nd half of 2023, and an action plan should now be drawn up by the end of this year.

4.6.6 Customer relations

CTT has invested in increasing the network of customer contact points. To this end, window lockers (Through The Wall) are being implemented in CTT post offices. In the first quarter, the first Through The Wall equipment was developed and tested, and it is planned to expand to more than 100 units. This is an innovative solution that combines a parcel locker and a letterbox, making our network more convenient and modern for customers. The data referring to 30 June 2023 show the following data defining the capillarity of our service network:

- CTT post offices: 569;
- CTT agencies: 1,795;
- Total CTT access points: 2,364;
- Number of inhabitants per access point: 4,468¹⁴
- Average number of customers per day: 58,517.

New app

The launch of the new APP, more intuitive and with several new functionalities, namely the creation of the Digital Ticket for physical post offices, the change of the place of delivery or the payment of overdue tolls, is also noteworthy. The new application has improved the functions most used by CTT customers: an integrated view of all shipments, real-time monitoring of CTT parcels and parcels from other operators or distributors, the creation of shipments and the change of delivery location, including for Locky lockers, among other options.

The CTT APP also ensures the sending of notifications on changes to the status of shipments and outstanding tolls, with the possibility of guaranteeing the corresponding payment.

Philately - Launch of our first crypto stamp

On 28 February, the first Portuguese crypto stamp was launched, in physical and digital format (NFT), in partnership with the Estonian start-up, Stampsdaq. Under the theme "Navigating the Future", this was a historic milestone for the company, which has reinforced its role as a disruptive and active postal operator in the development of new products and services, including philately.

In the physical format there is only the common stamp, but when redeeming the associated NFT, the collector receives a digital stamp with one of 4 levels of rarity.

New concept Post office

Another new concept CTT Post office opened on Avenida Fernão de Magalhães, in Coimbra. This new CTT Post office has a self-service area, which allows the customer to send and receive mail and parcels safely, easily and conveniently, at any time and any day of the week, through Locky lockers, post boxes and letter boxes. There is also a preparation area where customers can purchase a package and receive the necessary materials for proper packaging free of charge. Segmented business

¹⁴ Calculated on the basis of 2011 census data.

areas are also available to advise SMEs and micro-enterprises, or to carry out simulations and approaches on the application of savings.

Other highlights

In the scope of third-party products, a Sale campaign was launched in all CTT Post offices and Agencies, and Online Shop, with discounts of up to 80%. Technology, telecommunications, films, music, games, stationery products and toys, for example, were at the most affordable prices.

The first book of the philatelic editorial plan was also launched on 1 March - Castles and Fortresses in the Luso-Spanish Border - in which the author seeks to make known the castles and fortresses of the Luso-Spanish border that were built over time, and which today are part of our cultural heritage.

Customer satisfaction

The customers' opinion on quality of service, expressed through daily satisfaction surveys, shows that 83.6% of the respondents perceive CTT's overall quality as good or very good and consider CTT as a trustworthy company. These customer satisfaction surveys point at some specific data:

- 92.1% consider the overall quality of Customer Service as "Very good" or "Good";
- The satisfaction rate with queuing time was 77.4%;
- Regarding Distribution, the rate was 79.6%;
- 80.9% of customers were satisfied or very satisfied with the delivery time of priority mail;
- The rate of satisfaction with the delivery time of ordinary mail was 68.5%.

Customer support

CTT customers recognise the Customer Service through the Net Promoter Score (NPS) metric, by means of an intention to recommend the service. In the 1st half of 2023, the Customer Service NPS improved by 13% compared to the same period of the previous year, with emphasis on the Social Media channel, where an NPS of 28 (scale -100 to 100) was obtained, denoting that the majority of customers served in this channel are promoters of the service.

In the first half of 2023, Customer Support continued to focus on remote and hybrid working for its employees, and the allocation of laptops to the entire team was finalised, thus improving the working conditions for those who work in this regime. A "voice over IP" communication channel has also been made available to all assistants, to enable telephone contact with each client, in addition to the written channel, and is expected to improve efficiency and proximity in problem solving.

Expressions of dissatisfaction

The processes of expressions of dissatisfaction are a unique and privileged form of continuous improvement of internal processes, as well as the detection of anomalies verified in the use of products and services in the CTT group. Customer Support is responsible for disseminating the voice of the customer throughout the organisation, in the search for new solutions to increase customer satisfaction.

In the 1st half of 2023, 104,230 service complaint processes were received in the Mail and Express business areas, a decrease of 8% compared to the same period of 2022.

In the Mail business area, 54,110 customer complaints about commercialised services and products were registered in the complaints handling support application, a decrease of 13% over the same

period of the previous year. This decrease was mainly due to the improvement of internal processes, with the introduction of new tools that allowed an increase in the resolution capacity at the first line of contact.

Regarding the Express business area, 50,120 complaints were registered, representing an increase of 19%. The main reasons for complaints were related to delays in delivery and loss of items.

Indemnities

With regard to indemnities, during the 1st half of 2023, 5,073 were processed in the Mail business area, amounting to €201,995, a decrease of 16% compared to the same period of the previous year. At CTT Espresso, 2,152 were processed, amounting to €49,961, representing a variation of -14% compared to 2022. International outbound claims represent 83% of the total value of international service claims. The most frequent causes of compensation were the loss of the item and lack of response from the destination postal operator.

Contacts

The Social Media Management model has been continuously improved in order to provide innovative support to the customer and closer to their needs. A demonstration of this was the 152% increase in contacts received on Modern Channels compared to the same period in 2022. In turn, in the Traditional Channels there was a decrease of 7% compared to the same period last year.

A total of 1,914,497 contacts (human and virtual) were received through Customer Service channels in the 1st half of 2023, representing an overall increase of 22% over the same period of the previous year. In the voice channel, we received 1,046,718 calls (human and virtual), representing 56% of the total contacts received and registering an increase of 15% over the previous year. Regarding the written channel, we received 492,167 contacts (human and virtual), representing 26% of the total contacts received, corresponding to an increase of 0.4% compared to 2022. On social media, we received a total of 375,612 contacts representing 20% of the total contacts received.

The weight of calls answered by Virtual Assistant was 27%, representing an increase of 286% over the same period of the previous year. We aim to continue to increase the percentage of virtual assistance with the implementation of the GPT Chat service. This will be just the beginning of a journey of automation that aims to revolutionise the way the company interacts with its customers, providing a high quality experience and seeking continuous excellence in its service.

05

Corporate governance



5. CORPORATE GOVERNANCE

5.1 Corporate Ethics and Prevention of Corruption

CTT - Correios de Portugal, S.A. and the companies in a control or group relationship, jointly referred to as the CTT Group, in view of the internal and external commitment to the highest values in terms of prevention of corruption and related infringements and the importance of applying ethical principles in the development of its activity, with the aim of preventing, detecting and sanctioning acts of corruption and related infringements carried out against or through any of the companies that make up the CTT Group, have adopted and implemented a regulatory compliance programme. This programme includes the Plan for the Prevention of Corruption Risks and Related Infringements ("PPR"), the appointment of a Regulatory Compliance Officer, the creation of the Corruption Prevention Department, the drafting of a Code of Conduct on the Prevention of Corruption and Related Infringements, as well as a Training Programme, besides providing a Whistleblowing Channel.

In this regard and in accordance with the provisions of Decree-Law 109-E-2021, CTT, as part of the Corruption Prevention Programme it is implementing, currently has:

- A Regulatory Compliance Officer (RCN) - Appointed by the Executive Committee in November 2022;
- A Code of Conduct on the Prevention of Corruption and Related Infringements - Approved by the Board of Directors in December 2022 and available on the CTT website;
- A Risk Prevention Plan for the Prevention of Corruption and Related Infringements "PPR", which essentially aims to identify the corruption risks at CTT, their assessment and the respective mitigation measures implemented - Approved by the Board of Directors in June 2023 and already available on the CTT website.

Within the PPR, 13 processes with higher risk exposure were identified and 58 processes are being monitored (20 of low risk level, 31 of moderate risk level and 7 of significant risk level).

The CTT Code of Conduct and the PPR are monitored/reviewed annually and, according to this new programme, two reports will be prepared per year aimed at monitoring the risks identified in the PPR. The first report will be available in October 2023.

In addition, an anti-corruption clause was approved by the Executive Committee to be incorporated into all CTT contracts, in order to involve and commit our customers, partners, suppliers and other CTT stakeholders in these issues.

An internal whistleblowing channel is also in place that guarantees the anonymity of the whistleblower and the confidentiality of the reporting. It is disclosed in the Code of Conduct on Prevention and Related Infringements.

Regarding Banco CTT, all operations are subject to risk assessment. Customers and the transactions carried out are analysed according to the risk they may represent in terms of using the Bank for money laundering and/or terrorist financing purposes (which includes the crime of corruption). Relevant relationships with financial and non-financial counterparties are also subject to a due diligence process, which aims to avoid doing business with entities that present money laundering risks or may pose reputational risks because they are involved in financial crimes or associated with corruption practices.

Banco CTT has a policy for the Prevention of Money Laundering and Terrorist Financing and a set of processes and procedures aimed at ensuring legal requirements and mitigating the risks of using the

Bank for such purposes. Each year a team of external auditors assesses the processes and procedures and performs effectiveness tests.

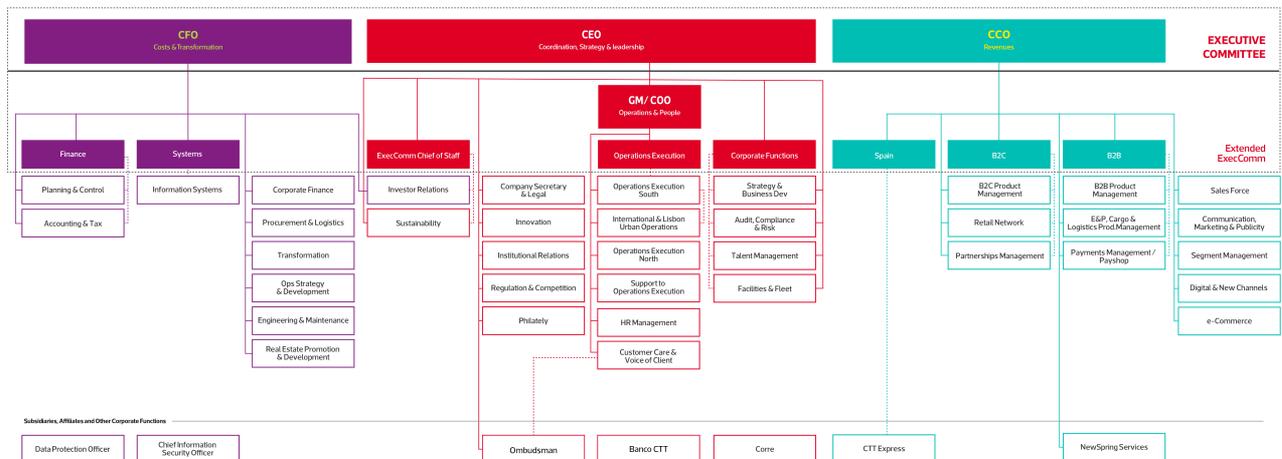
Fines, penalties and non-compliance

At CTT, 14 cases were identified where sanctions could be applied in the context of the relationship with customers or with the organisation itself, mostly for misappropriation of values. There were no corruption-related legal proceedings brought against the organisation or its employees.

The activity in Spain also reported a low level of non-compliances, which led to the payment of around €7,000 in fines, almost all of which (12 out of 14) related to overweight in the context of transport.

With regard to Banco CTT, fines totalling €132,000 were paid for non-compliances. A single non-monetary sanction for non-compliance with a regulation, which was not detailed, was also reported. No significant risks related to corruption were identified in the assessments carried out by Banco CTT.

Management Organization – Corporate Structure



5.2 Corporate Bodies and Management

Board of Directors ⁽¹⁾

Chairman:

Raul Catarino Galamba de Oliveira

Executive Chairman:

João Afonso Ramalho Sopas Pereira Bento (CEO)

Members:

- Guy Patrick Guimarães de Goyri Pacheco (CFO)
- João Carlos Ventura Sousa
- Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia
- Steven Duncan Wood
- Duarte Palma Leal Champalimaud
- Jürgen Schröder
- Margarida Maria Correia de Barros Couto
- María del Carmen Gil Marín
- Susanne Ruoff

Board of the General Meeting ⁽¹⁾

Chairwoman: Teresa Sapiro Anselmo Vaz Ferreira Soares
Vice-Chairman: José Luís Pereira Alves da Silva

Remuneration Committee ⁽¹⁾

Chairman: Fernando Paulo de Abreu Neves de Almeida
Members: Manuel Carlos de Melo Champalimaud
Christopher James Torino

Executive Committee ⁽²⁾

Chairman: João Afonso Ramalho Sopas Pereira Bento (CEO)
Members: Guy Patrick Guimarães de Goyri Pacheco (CFO)
João Carlos Ventura Sousa

Audit Committee ⁽¹⁾

Chairwoman: Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia
Members: María del Carmen Gil Marín
Jürgen Schröder

Corporate Governance, Evaluation and Nominating Committee ⁽²⁾

Chairman: Raul Catarino Galamba de Oliveira
Members: Duarte Palma Leal Champalimaud
Margarida Maria Correia de Barros Couto
Susanne Ruoff

Statutory Auditor

Statutory Auditor: Ernst & Young Audit & Associados – SROC, S.A., represented by Luís Pedro Magalhães Varela Mendes or by Rui Abel Serra Martins

Alternate Statutory Auditor: João Carlos Miguel Alves

⁽¹⁾ Elected at the Annual General Meeting held on 20 April 2023 for the new term of office 2023/2025. On that date ceased their duties as executive Directors António Pedro Ferreira Vaz da Silva and João Miguel Gaspar da Silva, as non-executive Director Isabel Maria Pereira Aníbal Vaz, and as Chairman of the Board of the General Meeting Pedro Miguel Duarte Rebelo de Sousa.

⁽²⁾ Appointed at the meeting of the Board of Directors held on 20 April 2023.

5.3 Business transactions with the Company and performance of other activities

The Company has developed internal control mechanisms which are defined in the Regulation on Assessment and Monitoring of Transactions with Related Parties and Prevention of Situations of Conflicts of Interest (the “Regulation on Related Parties”), available at www.ctt.pt, aiming at reinforcing the mechanisms for the prevention, identification and resolution of conflicts of interest and thus increase the degree of transparency and objectivity in the management of this kind of transactions.

Pursuant to the Regulation on Related Parties, all significant transactions with related parties must be approved by resolution of the Board of Directors, preceded by a prior opinion of the Audit Committee. Significant transactions are those for an amount greater than one million euros and / or carried out outside the Company’s current activity and / or outside market conditions. Related parties include CTT qualified Shareholders, Senior officers, Directors of subsidiary companies and third parties related to any of these through relevant commercial or personal interests (pursuant to the terms of IAS 24), and

also CTT subsidiaries, associated companies and joint ventures. The remaining transactions with related parties are communicated to the Audit Committee for subsequent assessment.

Pursuant to the aforementioned internal control procedures in place, and for the purposes of Articles 66(5)(e) and 397 of the Portuguese Companies Code (“PCC”) , in the 1st half of 2023 no business transactions were carried out between CTT and its Directors, either directly or through an intermediary.

For the purposes of reporting as provided for in Article 398 of the Portuguese Companies Code, none of the Directors of CTT have exercised, during the 1st half of 2023, in the Company or in companies related to it through a control or group relationship, any temporary or permanent positions under an employment contract, whether subordinate or autonomous.

The list below indicates the internal and external positions held by members of the management and supervisory bodies at the Company as at the date of approval of this Interim Integrated Report:

| Members of the Board of Directors | Internal Appointments | External Appointments |
|---|--|---|
| Raúl Catarino Galamba de Oliveira | <ul style="list-style-type: none"> • Chairman (non-executive) of the Board of Directors of CTT • Chairman of the Selection and Remuneration Committee of Banco CTT, S.A. • Chairman of the Selection Committee of Payshop (Portugal), S.A. • Chairman of the Selection Committee of 321 Crédito – Instituição Financeira de Crédito, S.A. • Member of the Ethics Committee of CTT • Chairman of the Corporate Governance, Evaluation and Nominating Committee of CTT | <ul style="list-style-type: none"> • Non-executive Member of the Board of Directors of Banco Bilbao Vizcaya Argentaria, S.A. • Non-executive Member of the Board of Directors of José de Mello Capital, S.A. • Non-executive Member of the Board of Directors of CUF, S.A. • Chairman of the Board of Directors of Fundação Manuel Violante • Member of the Board of Trustees of Fundação Alfredo de Sousa |
| João Afonso Ramalho Sopas Pereira Bento | <ul style="list-style-type: none"> • Member of the Board of Directors and Chief Executive Officer of CTT • Chairman of the Board of Directors of CTT IMO – Sociedade Imobiliária, S.A. • Chairman of the Board of Directors of CTT Soluções Empresariais, S.A. • Chairman of the Board of Directors of CTT Expresso – Serviços Postais e Logística, S.A. • Member of the Selection and Remuneration Committee of Banco CTT, S.A. • Member of the Selection Committee of Payshop (Portugal), S.A. • Member of the Selection Committee of 321 Crédito - Instituição Financeira de Crédito, S.A. • Chairman of the Board of the General Meeting of Correio Expresso de Moçambique, S.A. (CORRE) | <ul style="list-style-type: none"> • Manager of Método Motriz, Unipessoal, Lda. • Member of the Board of Directors of International Post Corporation (IPC) • Managing Partner of QPDM Consulting, Lda. • Member of the Board of Trustees of Fundação Alfredo de Sousa • Member of the Advisory Council of Reshape • Member of the Board of ICF – Inclusive Community Forum – Nova SBE • Member of the Strategic Innovation Council of VdA - Vieira de Almeida & Associados, Sociedade de Advogados, RL • Member of the General Council of IPCG (Portuguese Institute of Corporate Governance) in an individual capacity • Permanent member of the Advisory Council of AICEP (Agency for Investment and External Trade of Portugal) |

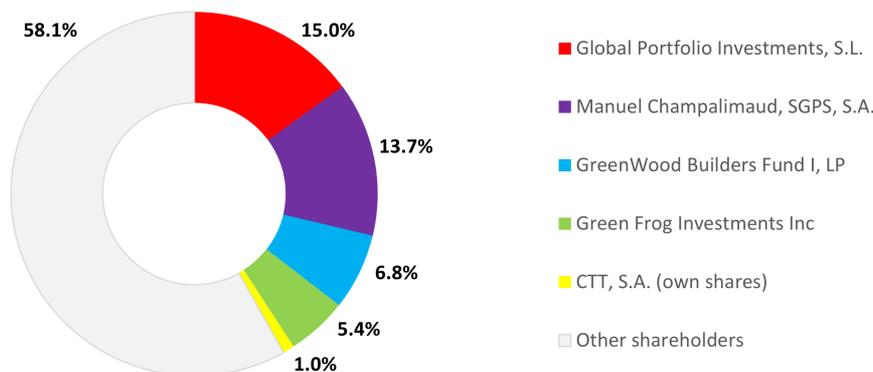
| Members of the Board of Directors | Internal Appointments | External Appointments |
|---|--|---|
| Guy Patrick Guimarães de Goyri Pacheco | <ul style="list-style-type: none"> • Member of the Board of Directors and Chief Financial Officer (CFO) of CTT • Member of the Board of Directors of Medspring, S.A. • Member of the Board of Directors of CTT IMO – Sociedade Imobiliária, S.A. • Member of the Board of Directors of Newspring Services, S.A. • Member of the Board of Directors of CTT Soluções Empresariais, S.A. • Non-executive Member of the Board of Directors of Banco CTT, S.A. • Member of the Board of Directors of CTT Expresso - Serviços Postais e Logística, S.A. | <ul style="list-style-type: none"> • Member of the Board of Directors of Finerge, S.A. • Member of the Board of AEM (Portuguese Issuers Association) |
| João Carlos Ventura Sousa | <ul style="list-style-type: none"> • Member of the Board of Directors and of the Executive Committee of CTT • Chairman of the Board of Directors of CTT Services, S.A. • Chairman of the Board of Directors of Medspring, S.A. • Member of the Board of Directors of CTT IMO – Sociedade Imobiliária, S.A. • Chairman of the Board of Directors of Newspring Services, S.A. • Member of the Board of Directors of CTT Soluções Empresariais, S.A. • Chairman of the Board of Directors of CTT Contacto, S.A. • Member of the Board of Directors of Correio Expresso de Moçambique, S.A. (CORRE) • Member of the Board of Directors of CTT Expresso - Serviços Postais e Logística, S.A. | <ul style="list-style-type: none"> • Vice-Chairman of the Board of APOE - Associação Portuguesa de Operadores Expresso |
| Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia | <ul style="list-style-type: none"> • Non-executive Member of the Board of Directors of CTT • Chairwoman of the Audit Committee of CTT | <ul style="list-style-type: none"> • Non-executive Member of the Board of Directors of Sierra IG - Gestão de Fundos, SGOIC, S.A. • Non-executive Member of the Board of Directors and Member of the Audit Committee of Banco Português de Fomento, S.A. • Member of the Board of Associação de Promoção e Defesa da Vida e Família - Vida Norte • Chairwoman of the Fiscal Board of Sogrape, SGPS, S.A. • Non-executive Member of the Board of Directors and Member of the Audit Committee of Impresa, SGPS, S.A. • Invited Member of the Executive Committee of Portuguese Commission of Accounting Standards • Managing Partner of Novais, Anacoreta & Associado, SROC • Member of the Scientific Council of Associação Fiscal Portuguesa • Tax Arbitrator at CAAD (Portuguese Administrative Arbitration Centre) • Assistant Professor at Católica Porto Business School |
| Steven Duncan Wood | <ul style="list-style-type: none"> • Non-executive Member of the Board of Directors of CTT | <ul style="list-style-type: none"> • Founder and Managing Member of the Builders Institute, Inc. • Managing Member of GreenWood Performance Investors, LLC • Founder and Managing Member of GreenWood Investors, LLC • Advisory Board Member of Cortland Associates, Inc. |

| Members of the Board of Directors | Internal Appointments | External Appointments |
|---|--|--|
| Duarte Palma Leal Champalimaud | <ul style="list-style-type: none"> Non-executive Member of the Board of Directors of CTT Member of the Corporate Governance, Evaluation and Nominating Committee of CTT | <ul style="list-style-type: none"> Chairman of the Board of Directors of Pentapack – Sistema de Embalagem, S.A. Manager of Star Swan Unipessoal, Lda. Member of the Board of Directors of Manuel Champalimaud, SGPS, S.A. Chairman of the Strategy and Investment Committee of Manuel Champalimaud Group Chairman of the Board of the General Meeting of APIP (Portuguese Plastics Industry Association) |
| Jürgen Schröder | <ul style="list-style-type: none"> Non-executive Member of the Board of Directors of CTT Member of the Audit Committee of CTT | <ul style="list-style-type: none"> Executive Partner of JS-Rat & Tat GmbH Board Member of ISR (International School on the Rhine) (Germany) Board Member of Marketing Club Düsseldorf (Germany) |
| Margarida Maria Correia de Barros Couto | <ul style="list-style-type: none"> Non-executive Member of the Board of Directors of CTT Member of the Corporate Governance, Evaluation and Nominating Committee of CTT Chairwoman of the Ethics Committee of CTT | <ul style="list-style-type: none"> Chairwoman of GRACE – Empresas Responsáveis - Associação Member of the Board of Directors and Chief Executive Officer (CEO) of Fundação Vasco Vieira de Almeida Secretary of the General Assembly of BCSD Portugal – Business Council for Sustainable Development |
| María del Carmen Gil Marín | <ul style="list-style-type: none"> Non-executive Member of the Board of Directors of CTT Member of the Audit Committee of CTT | <ul style="list-style-type: none"> Non-executive Member of the Board of Directors and Member of the Audit Committee and the Appointments, Assessment and Remunerations Committee of Caixa Geral de Depósitos, S.A. Member of the Board of Directors of Novabase, SGPS, S.A. Board Member in companies of the Novabase Group, namely Chairwoman of the Board of Directors of Novabase Capital, Sociedade de Capital de Risco, S.A., and Member of the Board of Directors of Celfocus -Soluções Informáticas para Telecomunicações, S.A. Member of the General Board of AEM (Portuguese Issuers Association) Chairwoman of the Board of the General Meeting of Novabase Enterprise Applications - Sistemas de Informação de Gestão Empresarial, S.A. Chairwoman of the Board of the General Meeting of GLOBALEDA - Telecomunicações e Sistemas de Informação, S.A. Member of the Advisory Committee of FCR ISTART I |
| Susanne Ruoff | <ul style="list-style-type: none"> Non-executive Member of the Board of Directors of CTT Member of the Corporate Governance, Evaluation and Nominating Committee of CTT | <ul style="list-style-type: none"> Member of the Board of Directors of Createq (Switzerland) Member of the Board and of the Organization and Remuneration Committee of Eldora AG (Switzerland) Chief Executive Officer (CEO) of Ruoff Advisory GmbH (Switzerland) Member of the Strategic Advisory Board of EPFL - École Polytechnique Fédérale de Lausanne (Switzerland) |

5.4 Capital structure

At the end of the 1st half of 2023, CTT's share capital is €71,957,500.00, fully paid-up and underwritten, being represented by 143,915,000 ordinary (there are no different categories), registered, book-entry shares with nominal value of €0.50 each, listed for trading on the regulated market managed by Euronext Lisbon - Sociedade Gestora de Mercados Regulamentados, S.A. ("Euronext Lisbon").

As at 30 June 2023, CTT shareholder structure in terms of qualifying holdings was as follows:



5.5 Holders of qualifying holdings

As at 30 June 2023, based on the communications made to the Company, the qualifying holdings in CTT were as follows:

| Shareholders | | Number of Shares | % Share Capital | % Voting Rights |
|--|--------------|--------------------|-----------------|-----------------|
| Global Portfolio Investments, S.L. ⁽¹⁾ | | 21,580,000 | 14.995% | 14.995% |
| Indumenta Pueri, S.L. ⁽¹⁾ | Total | 21,580,000 | 14.995% | 14.995% |
| Manuel Champalimaud, SGPS, S.A. ⁽²⁾ | | 19,261,815 | 13.384% | 13.384% |
| Manuel Carlos de Melo Champalimaud | | 500,185 | 0.348% | 0.348% |
| Manuel Carlos de Melo Champalimaud ⁽²⁾ | Total | 19,762,000 | 13.732% | 13.732% |
| GreenWood Builders Fund I, LP ⁽³⁾ | | 9,762,000 | 6.783% | 6.783% |
| GreenWood Investors LLC ⁽³⁾ | Total | 9,777,400 | 6.794% | 6.794% |
| Green Frog Investments Inc | Total | 7,730,000 | 5.371% | 5.371% |
| CTT, S.A. (own shares) ⁽⁴⁾ | Total | 1,465,606 | 1.018% | 1.018% |
| Remaining shareholders | Total | 83,599,994 | 58.090% | 58.090% |
| TOTAL | | 143,915,000 | 100.000% | 100.000% |

¹ Global Portfolio Investments, S.L. is controlled by Indumenta Pueri, S.L.

² Includes 19,246,815 shares held by Manuel Champalimaud SGPS, S.A. and 15,000 shares held by Duarte Palma Leal Champalimaud, member of its Board of Directors of Manuel Champalimaud SGPS, S.A. and Non-Executive Director of CTT. Qualified shareholding directly and indirectly attributable to Manuel Carlos de Melo Champalimaud.

³ GreenWood Investors, LLC, of which Steven Duncan Wood, Non-Executive Director of CTT, is Managing Member, exercises the voting rights not in its own name but on behalf of GreenWood Builders Fund I, LP as its management company. The full chain of controlled undertakings through which the voting rights are held includes GreenWood Investors, LLC and GreenWood Performance Investors, LLC. The shareholding of GreenWood Investors, LLC includes 15,400 shares directly held by Steven Wood.

⁴ Shares held by CTT as at 30 June 2023, following the acquisition of 87,474 shares in the context of the share buy-back program announced on 21 June 2023 (see press release available on CTT website, at https://www.ctt.pt/contentAsset/raw-data/ed54ec9c-be62-4730-ad2f-5c318fd8606/ficheiroPdf/20230621_share%20buy%20back%20program%20EN.pdf?bylnode=true).

As a consequence, on 30 June 2023, the Company held, as a result of the transactions carried out as from 26 June 2023 under the above-mentioned buy-back program an aggregated total of 1,465,606 own shares, representing 1.02% of its share capital, including 1,378,132 own shares previously held relative to the long-term variable remuneration. It should be noted that on 27 April 2023 CTT communicated to the market that, following the share capital reduction resolved by the General Meeting, the Company held 1,500,000 own shares. Meanwhile, 121,868 shares were distributed as long-term variable remuneration.

5.6 Own shares

As at 31 December 2022, CTT held 2,935,000 own shares, with nominal value of €0.50 each, corresponding to 2.02% of its share capital.

Following the resolution passed at the Annual General Meeting (“AGM 2023”) of CTT Shareholders held on 20 April 2023 to reduce the share capital by €717,500.00 for the purpose of releasing excess capital, on 21 April 2023, the CTT share capital reduction was registered before the Commercial Registry Office in the amount mentioned above through the cancellation of 1,434,999 shares held by the Company, representing 0.997% of its share capital and acquired under the share buyback programme carried out from 17 March to 8 September 2022, to which, for ease of reading, one share has been added from the total number of the Company's own shares.

As a result of this share capital reduction, CTT share capital became €71,957,500.00, represented by 143,915,000 shares with a nominal value of €0.50 each. CTT held then 1,500,000 own shares.

In the context of the long-term variable remuneration, 121,868 own shares were distributed, which left the Company with 1,378,132 own shares.

The AGM 2023 also resolved, within the scope of Item 9 of its Agenda, to authorise the acquisition and transfer of own shares by the Company and its subsidiaries under the terms defined in that shareholders' resolution, subject to the decision of the Board of Directors of the Company, which, at its meeting of 21 June 2023, approved a share buyback programme (“Buyback Programme”), the main terms and conditions of which are set out in the press release on the start of trading under the Buyback Programme disclosed by CTT on its website on that date (https://www.ctt.pt/contentAsset/raw-data/ed54ec9c-be62-4730-ad2f-5c318fbd8606/ficheiroPdf/20230621_share%20buy%20back%20program%20EN.pdf?bylnode=true).

Hence, in accordance with the terms and limits set by both resolutions, on 26 June 2023, CTT started trading under the share buyback programme of the Company.

In the context of said Buy-back Programme, and as the financial intermediary in charge of the execution of said programme, Banco BPI S.A. acquired 356,818 shares representing CTT's share capital, in Euronext Lisbon regulated market, in the period from 26 June to 20 July 2023 (inclusive), as detailed in the announcements made to the market on 29 June, and 6, 13 and 20 July 2023 (see press releases available on CTT website, at https://www.ctt.pt/grupo-ctt/investidores/comunicados/index?language_id=1).

On 20 July 2023, the Company held, as a result of the transactions carried out in the context of the aforementioned share buyback programme, an aggregated total of 1,734,950 own shares, representing 1.21% of its share capital, including 1,378,132 own shares previously held relative to the long-term variable remuneration (as mentioned above).

06

**Interim condensed
consolidated financial
statements**

6. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CTT-CORREIOS DE PORTUGAL, S.A.
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 AND 30 JUNE 2023. (Euros)

| | NOTES | 31.12.2022 | Unaudited 30.06.2023 |
|--|-------|----------------------|-------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Tangible fixed assets | 4 | 303,205,780 | 287,779,536 |
| Investment properties | 6 | 6,183,979 | 6,079,769 |
| Intangible assets | 5 | 69,408,609 | 68,275,327 |
| Goodwill | | 80,256,739 | 80,256,739 |
| Investments in associated companies | | 481 | 481 |
| Investments in joint ventures | | — | 24,301 |
| Other investments | | 961,394 | 1,511,394 |
| Financial assets at fair value through profit or loss | | 26,219,905 | 25,618,172 |
| Debt securities at amortised cost | 8 | 409,388,745 | 389,258,157 |
| Other non-current assets | | 1,177,648 | 1,190,896 |
| Credit to banking clients | 10 | 1,287,676,223 | 1,351,669,879 |
| Other banking financial assets | 9 | 961,446 | — |
| Deferred tax assets | 26 | 67,823,608 | 68,223,224 |
| Total non-current assets | | 2,253,264,557 | 2,279,887,875 |
| Current assets | | | |
| Inventories | | 8,040,976 | 7,320,582 |
| Accounts receivable | | 147,130,876 | 158,551,902 |
| Credit to banking clients | 10 | 489,888,789 | 443,016,785 |
| Income taxes receivable | 23 | 1,102,700 | 8,268 |
| Prepayments | 11 | 9,011,875 | 10,888,071 |
| Financial assets at fair value through profit or loss | | 26,478,525 | 26,971,357 |
| Debt securities at amortised cost | 8 | 128,391,899 | 52,947,906 |
| Other current assets | | 76,482,423 | 100,509,985 |
| Other banking financial assets | 9 | 461,226,081 | 628,523,089 |
| Cash and cash equivalents | 12 | 456,469,298 | 336,300,096 |
| | | 1,804,223,442 | 1,765,038,041 |
| Non-current assets held for sale | | 200 | 200 |
| Total current assets | | 1,804,223,642 | 1,765,038,241 |
| Total assets | | 4,057,488,199 | 4,044,926,116 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 14 | 72,675,000 | 71,957,500 |
| Own shares | 15 | (10,826,390) | (5,386,525) |
| Reserves | 15 | 53,844,057 | 48,113,244 |
| Retained earnings | 15 | 64,647,067 | 83,229,730 |
| Other changes in equity | 15 | 6,857,207 | 7,562,670 |
| Net profit | | 36,406,519 | 26,048,833 |
| Equity attributable to equity holders | | 223,603,460 | 231,525,452 |
| Non-controlling interests | | 1,326,016 | 1,700,406 |
| Total equity | | 224,929,476 | 233,225,858 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Medium and long term debt | 18 | 136,197,923 | 164,542,076 |
| Employee benefits | | 185,257,617 | 185,452,577 |
| Provisions | 19 | 12,632,267 | 12,279,828 |
| Debt securities issued at amortised cost | 21 | 445,226,206 | 407,951,021 |
| Prepayments | 11 | 260,886 | 255,286 |
| Deferred tax liabilities | 26 | 9,847,476 | 9,668,009 |
| Total non-current liabilities | | 789,422,375 | 780,148,798 |
| Current liabilities | | | |
| Accounts payable | 20 | 525,211,751 | 364,591,276 |
| Banking clients' deposits and other loans | 22 | 2,245,329,918 | 2,387,845,869 |
| Employee benefits | | 22,091,681 | 21,170,445 |
| Income taxes payable | 23 | — | 6,100,353 |
| Short term debt | 18 | 59,756,744 | 50,432,018 |
| Financial liabilities at fair value through profit or loss | | 26,344,517 | 25,727,381 |
| Debt securities issued at amortised cost | 21 | 351,654 | 425,779 |
| Prepayments | 11 | 3,678,140 | 11,117,004 |
| Other current liabilities | | 114,161,276 | 134,020,316 |
| Other banking financial liabilities | 9 | 46,210,667 | 30,121,021 |
| Total current liabilities | | 3,043,136,348 | 3,031,551,461 |
| Total liabilities | | 3,832,558,723 | 3,811,700,258 |
| Total equity and liabilities | | 4,057,488,199 | 4,044,926,116 |

The attached notes are an integral part of these financial statements.

CTT-CORREIOS DE PORTUGAL, S.A.
 CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022 AND 30 JUNE 2023
 Euros

| | NOTES | Six months ended | | Three months ended | |
|---|-------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | Unaudited 30.06.2022 | Unaudited 30.06.2023 | Unaudited 30.06.2022 | Unaudited 30.06.2023 |
| Sales and services rendered | 3 | 394,230,817 | 415,824,399 | 184,652,580 | 205,633,482 |
| Financial margin | | 34,420,500 | 46,049,785 | 18,013,104 | 24,037,918 |
| Other operating income | | 17,777,828 | 18,529,265 | 9,017,990 | 8,940,672 |
| | | 446,429,145 | 480,403,449 | 211,683,674 | 238,612,072 |
| Cost of sales | | (29,815,397) | (8,648,036) | (4,341,527) | (3,742,132) |
| External supplies and services | | (166,691,283) | (174,224,389) | (80,751,966) | (88,585,899) |
| Staff costs | 24 | (180,074,236) | (196,815,925) | (88,055,431) | (98,756,931) |
| Impairment of accounts receivable, net | | (1,323,526) | (2,693,418) | (42,278) | (1,028,213) |
| Impairment of other financial banking assets | | (10,754,114) | (12,350,601) | (6,973,499) | (6,066,829) |
| Provisions, net | 19 | (1,087,346) | (272,886) | (429,044) | (250,683) |
| Depreciation/amortisation and impairment of investments, net | | (31,802,203) | (36,291,952) | (16,422,541) | (21,461,740) |
| Net gains/(losses) of assets and liabilities at fair value through profit or loss | | 5,937,974 | 477,903 | 2,132,382 | 330,270 |
| Other operating costs | | (10,127,367) | (10,344,980) | (5,431,514) | (4,745,163) |
| Gains/losses on disposal/ remeasurement of assets | | 22,467 | 26,149 | (21,925) | 1,157 |
| | | (425,715,031) | (441,138,135) | (200,337,343) | (224,306,163) |
| | | 20,714,116 | 39,265,314 | 11,346,331 | 14,305,909 |
| Interest expenses | 25 | (4,562,688) | (7,736,065) | (2,363,356) | (4,249,756) |
| Interest income | 25 | 12,679 | 608,602 | (98,435) | 233,281 |
| Gains/losses in subsidiary, associated companies and joint ventures | | (100,855) | 1,668 | (60,206) | 8,148 |
| | | (4,650,864) | (7,125,794) | (2,521,997) | (4,008,327) |
| Earnings before taxes | | 16,063,252 | 32,139,519 | 8,824,334 | 10,297,582 |
| Income tax for the period | 26 | (1,499,328) | (6,117,550) | 326,989 | (401,383) |
| Net profit for the period | | 14,563,924 | 26,021,969 | 9,151,323 | 9,896,199 |
| Net profit for the period attributable to: | | | | | |
| Equity holders | | 14,549,183 | 26,048,833 | 9,160,434 | 9,913,779 |
| Non-controlling interests | | 14,741 | (26,864) | (9,110) | (17,579) |
| Earnings per share: | 17 | 0.10 | 0.18 | 0.06 | 0.07 |

The attached notes are an integral part of these financial statements.

CTT-CORREIOS DE PORTUGAL, S.A.
 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2022 AND 30 JUNE 2023
 Euros

| | NOTES | Six months ended | | Three months ended | |
|---|-------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | Unaudited 30.06.2022 | Unaudited 30.06.2023 | Unaudited 30.06.2022 | Unaudited 30.06.2023 |
| Net profit for the period | | 14,563,924 | 26,021,969 | 9,151,325 | 9,896,199 |
| Adjustments from application of the equity method (non re-classifiable adjustment to profit and loss) | 15 | 43,385 | (6,747) | 23,993 | 381 |
| Changes to fair value reserves | | (8,140) | — | (6,742) | — |
| Employee benefits (non re-classifiable adjustment to profit and loss) | | 47,275,716 | — | 47,275,716 | — |
| Deferred tax/Employee benefits (non re-classifiable adjustment to profit and loss) | | (13,234,189) | — | (13,234,189) | — |
| Other changes in equity | 15 | 706,309 | 401,254 | 686,917 | 408,382 |
| Other comprehensive income for the period after taxes | | 34,783,081 | 394,507 | 34,745,695 | 408,763 |
| Comprehensive income for the period | | 49,347,005 | 26,416,476 | 43,897,020 | 10,304,962 |
| Attributable to non-controlling interests | | 721,051 | 374,390 | 677,808 | 390,804 |
| Attributable to shareholders of CTT | | 48,625,954 | 26,042,086 | 43,219,210 | 9,914,159 |

The attached notes are an integral part of these financial statements.

CTT-CORREIOS DE PORTUGAL, S.A.
 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2022 AND 30 JUNE 2023
 Euros

| | NOTES | Share capital | Own Shares | Reserves | Other changes in equity | Retained earnings | Net profit for the year | Non-controlling interests | Total |
|---|-------|--------------------|---------------------|---------------------|-------------------------|-------------------|-------------------------|---------------------------|---------------------|
| Balance on 31 December 2021 | | 75,000,000 | (6,404,963) | 67,078,351 | (43,998,612) | 43,904,074 | 38,404,113 | 563,106 | 174,546,069 |
| Share capital decrease | 14 | (2,325,000) | 17,152,548 | (14,827,548) | — | — | — | — | — |
| Appropriation of net profit for the year of 2021 | | — | — | — | — | 38,404,113 | (38,404,113) | — | — |
| Dividends | 16 | — | — | — | — | (17,656,441) | — | — | (17,656,441) |
| Acquisition of own shares | 15 | — | (21,573,976) | — | — | — | — | — | (21,573,976) |
| Share plan | 15 | — | — | 1,620,000 | — | — | — | — | 1,620,000 |
| | | (2,325,000) | (4,421,428) | (13,207,548) | — | 20,747,672 | (38,404,113) | — | (37,610,417) |
| Other movements | 15 | — | — | — | — | — | — | 827,244 | 827,244 |
| Actuarial gains/losses - Health Care, net from deferred taxes | 15 | — | — | — | 50,855,819 | — | — | — | 50,855,819 |
| Changes to fair value reserves | 15 | — | — | (26,746) | — | — | — | — | (26,746) |
| Adjustments from the application of the equity method | 15 | — | — | — | — | (4,678) | — | — | (4,678) |
| Net profit for the period | | — | — | — | — | — | 36,406,519 | (64,334) | 36,342,185 |
| Comprehensive income for the period | | — | — | (26,746) | 50,855,819 | (4,678) | 36,406,519 | 762,910 | 87,993,824 |
| Balance on 31 December 2022 | | 72,675,000 | (10,826,390) | 53,844,057 | 6,857,207 | 64,647,067 | 36,406,519 | 1,326,016 | 224,929,476 |
| Share capital decrease | 14 | (717,500) | 5,293,313 | (4,575,813) | — | — | — | — | — |
| Appropriation of net profit for the year of 2022 | | — | — | — | — | 36,406,519 | (36,406,519) | — | — |
| Dividends | 16 | — | — | — | — | (17,817,109) | — | — | (17,817,109) |
| Acquisition of own shares | 15 | — | (302,984) | — | — | — | — | — | (302,984) |
| Attribution of own shares | 15 | — | 449,537 | (1,155,000) | 705,463 | — | — | — | — |
| | | (717,500) | 5,439,866 | (5,730,813) | 705,463 | 18,589,410 | (36,406,519) | — | (18,120,093) |
| Other movements | 15 | — | — | — | — | — | — | 401,254 | 401,254 |
| Adjustments from the application of the equity method | | — | — | — | — | (6,747) | — | — | (6,747) |
| Net profit for the period | | — | — | — | — | — | 26,048,833 | (26,864) | 26,021,969 |
| Comprehensive income for the period | | — | — | — | — | (6,747) | 26,048,833 | 374,390 | 26,416,476 |
| Balance on 30 June 2023 (Unaudited) | | 71,957,500 | (5,386,525) | 48,113,244 | 7,562,670 | 83,229,730 | 26,048,833 | 1,700,406 | 233,225,858 |

The attached notes are an integral part of these financial statements.

CTT-CORREIOS DE PORTUGAL, S.A.
 CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022 AND 30 JUNE 2023

Euros

| | NOTES | Unaudited 30.06.2022 | Unaudited 30.06.2023 |
|---|-------|-------------------------|-------------------------|
| Cash flow from operating activities | | | |
| Collections from customers | | 395,596,279 | 419,893,370 |
| Payments to suppliers | | (233,878,290) | (213,642,709) |
| Payments to employees | | (158,261,044) | (168,459,465) |
| Banking customer deposits and other loans | | 122,298,391 | 140,033,771 |
| Credit to banking clients | | (118,575,174) | (26,201,279) |
| Cash flow generated by operations | | 7,180,163 | 151,623,688 |
| Payments/receivables of income taxes | | (7,603,946) | 604,517 |
| Other receivables/payments | | 18,136,247 | (122,683,247) |
| Cash flow from operating activities (1) | | 17,712,463 | 29,544,958 |
| Cash flow from investing activities | | | |
| Receivables resulting from: | | | |
| Tangible fixed assets | | 28,720 | 6,720 |
| Financial investments | 8 | 2 | — |
| Investment in securities at fair value through other comprehensive income | 8 | 2,798,356 | — |
| Investment in securities at amortised cost | 8 | 297,988,491 | 126,300,000 |
| Demand deposits at Bank of Portugal | | — | 23,185,296 |
| Other banking financial assets | 9 | 4,055,000 | 6,500,000 |
| Interest income | | 38,850 | 1,621,429 |
| Payments resulting from: | | | |
| Tangible fixed assets | | (9,209,743) | (9,174,155) |
| Intangible assets | | (9,758,197) | (8,639,566) |
| Financial investments | 8 | (150,000) | (741,605) |
| Investment in securities at fair value through other comprehensive income | 8 | (1,146,911) | — |
| Investment in securities at amortised cost | | (476,967,862) | (31,266,500) |
| Demand deposits at Bank of Portugal | | (2,078,600) | — |
| Applications at the Central Bank | | — | (159,972,000) |
| Other banking financial assets | 9 | (3,250,000) | (10,600,000) |
| Cash flow from investing activities (2) | | (197,651,895) | (62,780,381) |
| Cash flow from financing activities | | | |
| Receivables resulting from: | | | |
| Loans obtained | 18 | 17,212 | 34,821,352 |
| Capital realisations and other equity instruments | | 663,000 | 408,000 |
| Debt securities issued | | 201,500,000 | — |
| Payments resulting from: | | | |
| Loans repaid | 18 | (7,898,336) | (8,294,134) |
| Other credit institutions' deposits | | (9,372) | — |
| Interest expenses | | (204,375) | (973,317) |
| Lease liabilities | 18 | (16,597,114) | (18,821,618) |
| Debt securities issued | 9 | (7,837,685) | (37,271,775) |
| Acquisition of own shares | 15 | (15,359,915) | (159,560) |
| Dividends | 16 | (17,656,441) | (17,888,170) |
| Cash flow from financing activities (3) | | 136,616,973 | (48,179,222) |
| Net change in cash and cash equivalents (1+2+3) | | (43,322,458) | (81,414,646) |
| Cash and equivalents at the beginning of the period | | 856,957,546 | 410,798,975 |
| Cash and cash equivalents at the end of the period | 12 | 813,635,088 | 329,384,329 |
| Cash and cash equivalents at the end of the period | | 813,635,088 | 329,384,329 |
| Sight deposits at Bank of Portugal | | 22,016,400 | — |
| Outstanding checks of Banco CTT / Checks clearing of Banco CTT | | 11,621,728 | 6,935,146 |
| Impairment of sight and term deposits | | (4,861) | (19,380) |
| Cash and cash equivalents (Balance sheet) | | 847,268,354 | 336,300,095 |

The attached notes are an integral part of these financial statements.

CTT – CORREIOS DE PORTUGAL, S.A.

Notes to the interim condensed consolidated financial statements
(Amounts expressed in Euros)

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1. Introduction

CTT – Correios de Portugal, S.A. (“CTT” or “Company”), with head office at Avenida dos Combatentes, 43, 14th floor, 1643-001 in Lisbon, had its origin in the “Administração Geral dos Correios Telégrafos e Telefones” government department and its legal form is the result of successive re-organisations carried out by the Portuguese state business sector in the communications area.

Decree-Law no. 49 368, of 10 November 1969, founded the state-owned company CTT - Correios e Telecomunicações de Portugal, E. P., which started operating on 1 January 1970. By Decree-Law no. 87/92, of 14 May, CTT – Correios e Telecomunicações de Portugal, E. P., was transformed into a legal entity governed by private law, with the status of a state-owned public limited company. Finally, with the foundation of the former Telecom Portugal, S.A. by spin-off from Correios e Telecomunicações de Portugal, S.A. under Decree-Law no. 277/92, of 15 December, the Company’s name was changed to the current CTT – Correios de Portugal, S.A.

On 31 January 2013, the Portuguese State through the Order 2468/12 – SETF, of 28 December, determined the transfer of the investment owned by the Portuguese State in CTT to Parpública – Participações Públicas, SGPS, S.A.

At the General Meeting held on 30 October 2013, the registered capital of CTT was reduced to 75,000,000 Euros, being from that date onward represented by 150,000,000 shares, as a result of a stock split which was accomplished through the reduction of the nominal value from 4.99 Euros to 0.50 Euros.

During the financial year ended 31 December 2013, CTT’s capital was opened to the private sector. Supported by Decree-Law no. 129/2013, of 6 September, and the Resolution of the Council of Ministers (“RCM”) no. 62-A/2013, of 10 October, the RCM no. 62-B/2013, of 10 October, and RCM no. 72-B/2013, of 14 November, the first phase of privatisation of the capital of CTT took place on 5 December 2013. From this date onward, 63.64% of the shares of CTT (95.5 million shares) were owned by the private sector, of which 14% (21 million shares) were sold in a Public Offering and 49.64% (74.5 million shares) by Institutional Direct Selling. On 31 December 2013 the Portuguese State, through Parpública - Participações Públicas, SGPS, S.A. held 36.36% of the shares of CTT, 30.00% by holding and 6.36% by allocation.

On 5 September 2014, the second phase of the privatisation of CTT took place. The shares held by Parpública - Participações Públicas, SGPS, S.A., which on that date represented 31.503% of CTT’s capital, were subject to a private offering of shares (“Equity Offering”) via an accelerated book-building process. The Equity Offering was addressed exclusively to institutional investors.

At the meeting of the Company’s Board of Directors held on 16 March 2022, it was unanimously decided to approve the implementation of a Buy-back programme for the Company’s own shares, including the related terms and conditions, with the sole purpose of reducing the Company’s share capital through the cancellation of shares acquired under the aforementioned programme, subject to prior approval by the General Meeting.

At the General Meeting held on 21 April 2022, a resolution was approved regarding the maximum number of shares to be acquired under the Buy-back Programme.

On 7 November 2022, the Company’s share capital reduction in the amount of 2,325,000 euros, through the cancellation of 4,650,000 shares representing 3.1% of the share capital, was registered in the Commercial Register Office, with the Company’s share capital to be composed of 145,350,000 shares with the nominal value of 0.50 Euros each.

Subsequently, at the Annual General Meeting held on 20 April 2023 and still following the share buyback programme mentioned above, and whose scope was extended on 27 July 2022, the share capital reduction of 717,500 Euros was approved. On 21 April 2023, the share capital reduction of the aforementioned amount was entered in the commercial register, through the extinction of 1,435,000 shares representing 0.997% of the acquired CTT share capital.

Thus, CTT's share capital now amounts to 71,957,500 Euros, represented by 143,915,000 shares with a nominal value of fifty cents per share, with the Company's Articles of Association being consequently amended.

The financial statements attached herewith are expressed in Euros, as this is the main currency of the Group's operations.

The shares of CTT are listed on Euronext Lisbon.

These financial statements were approved by the Board of Directors and authorised for issue on 27 July 2023.

2. Material accounting policies

The accounting policies adopted, including financial risk management policies, are consistent with those followed in the preparation of the consolidated financial statements for the year ended 31 December 2022, except for the new standards and amendments effective from 1 January 2023.

2.1 New standards or amendments adopted by the Group

The standards and amendments recently issued, already effective and adopted by the **Group** in the preparation of these financial statements, are as follows:

- **IFRS 17 - Insurance Contracts** - IFRS 17 applies to all insurance contracts (i.e., life, non-life, direct insurance and reinsurance), regardless of the type of entities that issue them, as well as some guarantees and some financial instruments with discretionary participation features. In general terms, IFRS 17 provides an accounting model for insurance contracts that is more useful and more consistent for issuers. In contrast to the requirements of IFRS 4, which are based on previously adopted local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.
- **Amendments to IFRS 17 – Insurance contracts – Initial application of IFRS 17 and IFRS 9 – Comparative information** - This amendment to IFRS 17 refers to the presentation of comparative information on financial assets in the initial application of IFRS 17.

The amendment adds a transition option that allows an entity to apply an “overlay” in the classification of a financial asset in the comparative period(s) presented in the initial application of IFRS 17. The “overlay” allows all financial assets, including those held in connection with non-contract activities within the scope of IFRS 17, to be classified on an instrument-by-instrument basis in the comparative period(s) in line with how the entity expects these assets to be classified in the initial application of IFRS 9.

- **Amendments to IAS 1 – Disclosure of Accounting Policies** - These amendments are intended to assist the entity in the disclosure of 'material' accounting policies, previously designated as 'significant' policies. However, due to the non-existence of this concept in the IFRS standards, it was decided to substitute the concept “materiality”, a concept already known

by the users of the financial statements. When assessing the materiality of accounting policies, the entity must consider not only the size of transactions but also other events or conditions and their nature.

- **Amendments to IAS 8 – Definition of accounting estimates** - The amendment clarifies the distinction between changes in accounting estimates, changes in accounting policy and the correction of errors. Additionally, it clarifies how an entity uses measurement techniques and inputs to develop accounting estimates.
- **Amendments to IAS 12** – Deferred tax relating to assets and liabilities arising from a single transaction.

The amendment clarifies that payments that settle a liability are tax deductible, however it is a matter of professional judgment whether such deductions are attributable to the liability that is recognised in the financial statements or to the related asset. This is important in determining whether there are temporary differences in the initial recognition of the asset or liability.

Thus, the initial recognition exception is not applicable to transactions that gave rise to equal taxable and deductible temporary differences. It is only applicable if the recognition of an active lease and a passive lease gives rise to taxable and deductible temporary differences that are not equal.

The Group did not register significant changes with the adoption of these standards and interpretations.

2.2 Basis of preparation

The interim condensed consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IAS / IFRS") as adopted by the European Union as at 1 January 2023, and in accordance with IAS 34 - Interim Financial Reporting.

The consolidated financial statements were prepared under the assumption of going concern and are prepared under the historical cost convention, except for the financial assets and liabilities accounted at fair value.

3. Segment reporting

In accordance with IFRS 8, the Group discloses the segment financial reporting.

The Board of Directors regularly reviews segmental reports, using them to assess and communicate each segment performance, as well as to decide on how to allocate resources.

The business of CTT is organised in the following segments:

- **Mail** – CTT Contacto, S.A., CTT Soluções Empresariais, S.A., New Spring Services S.A., CTT IMO - Sociedade Imobiliária, S.A. MedSpring, S.A., CTT IMO Yield, S.A., CTT Services, S.A and CTT, S.A. excluding:
 - Business related to postal financial services and retail products - Financial Services & Retail;
 - The business of payments related with collection of invoices and fines, Western Union transfers, integrated solutions and tolls – Bank.
- **Express & Parcels** – includes CTT Expresso S.A., CORRE S.A., Fundo Inovação Techtree and Open Lockers, S.A.;

- **Financial Services & Retail** - Postal Financial Services and the sale of products and services in the retail network of CTT, S.A.;
- **Bank** – Banco CTT S.A., S.A., Payshop S.A., 321 Crédito S.A. and CTT's payment business (mentioned above).

The business segregation by segment is based on management information produced internally and presented to the "chief operating decision maker".

The segments cover the three CTT business areas, as follows:

- Postal Market, covered by the Mail segment;
- Express and Parcels Markets, covered by the Express & Parcels segment; and
- Financial Market, covered by the Financial Services and Bank segments.

The amounts reported in each business segment result from the aggregation of the subsidiaries and business units defined in each segment perimeter and the elimination of transactions between companies of the same segment.

The statement of financial position of each subsidiary and business unit is determined based on the amounts booked directly in the companies that compose the segment, including the elimination of balances between companies of the same segment, and excluding the allocation in the segments of the adjustments between segments.

The income statement for each business segment is based on the amounts booked directly in the companies' financial statements and related business units, adjusted by the elimination of transactions between companies of the same segment.

However, as CTT, S.A. has assets in more than one segment it was necessary to split its income and costs by the several operating segments. The Internal Services Rendered refer to services provided across the different CTT, S.A. business areas, and the income is calculated according to standard activities valued through internally set transfer prices. The Mail segment provides internal services essentially related to the retail network (included in the Mail segment). Additionally, the Financial Services Segment uses the Retail network to sell its products. The use of the Retail network by other segments, as Express & Parcels and CTT Bank is, equally, presented in the line "Internal Services Rendered".

Initially, CTT, S.A. operating costs are allocated to the different segments by charging the internal transactions for the services mentioned above. After this initial allocation, costs relating to corporate and support areas (CTT Central Structure) are allocated by nature to the Mail segment and others.

The consolidated income statement by nature and segment of the six-months periods ended 30 June 2022 and 30 June 2023 are as follows:

| | 30.06.2022 | | | | |
|---|----------------|-------------------|-----------------------------|---------------|----------------|
| Thousand Euros | Mail | Express & Parcels | Financial Services & Retail | Bank | Total |
| Revenues | 241,608 | 122,698 | 24,182 | 57,942 | 446,429 |
| Sales and services rendered | 239,730 | 122,459 | 23,485 | 8,557 | 394,231 |
| <i>Sales</i> | 24,994 | 62 | 6,549 | — | 31,604 |
| <i>Services rendered</i> | 214,737 | 122,397 | 16,936 | 8,557 | 362,627 |
| Financial Margin | — | — | — | 34,421 | 34,421 |
| Other operating income | 1,877 | 239 | 697 | 14,965 | 17,778 |
| Operating costs - EBITDA | 222,754 | 111,849 | 12,946 | 48,434 | 395,983 |
| Staff costs | 149,738 | 14,785 | 491 | 13,492 | 178,506 |
| External supplies and services | 48,881 | 96,876 | 1,215 | 18,439 | 165,411 |
| Other costs | 27,194 | 1,205 | 6,169 | 4,333 | 38,900 |
| Impairment and provisions | 1,204 | (64) | 720 | 11,305 | 13,165 |
| Internal services rendered | (4,262) | (954) | 4,352 | 865 | — |
| EBITDA | 18,853 | 10,849 | 11,237 | 9,508 | 50,446 |
| Depreciation/amortisation and impairment of investments, net | 20,592 | 7,142 | 52 | 4,017 | 31,802 |
| EBIT recurring | (1,738) | 3,707 | 11,185 | 5,491 | 18,644 |
| Specific items | 2,266 | 676 | — | (5,011) | (2,070) |
| <i>Business restructurings</i> | 1,912 | 503 | — | — | 2,415 |
| <i>Strategic studies and projects costs</i> | 1,003 | 144 | — | 39 | 1,186 |
| <i>Other non-recurring income and expenses</i> | (649) | 29 | — | (5,051) | (5,671) |
| EBIT | (4,004) | 3,031 | 11,185 | 10,503 | 20,714 |
| Financial results | | | | | (4,651) |
| <i>Interest expenses</i> | | | | | (4,563) |
| <i>Interest income</i> | | | | | 13 |
| Gains/losses in subsidiary, associated companies and joint ventures | | | | | (101) |
| Earnings before taxes (EBT) | | | | | 16,063 |
| Income tax for the period | | | | | 1,499 |
| Net profit for the period | | | | | 14,564 |
| Non-controlling interests | | | | | 15 |
| Equity holders of parent company | | | | | 14,549 |

| Thousand Euros | 30.06.2023 | | | | |
|---|----------------|-------------------|-----------------------------|---------------|----------------|
| | Mail | Express & Parcels | Financial Services & Retail | Bank | Total |
| Revenues | 222,920 | 141,348 | 46,288 | 69,848 | 480,403 |
| Sales and services rendered | 220,554 | 141,021 | 45,319 | 8,930 | 415,824 |
| <i>Sales</i> | 4,111 | 12 | 4,350 | — | 8,472 |
| <i>Services rendered</i> | 216,443 | 141,009 | 40,970 | 8,930 | 407,352 |
| Financial Margin | — | — | — | 46,050 | 46,050 |
| Other operating income | 2,366 | 327 | 969 | 14,868 | 18,529 |
| Operating costs - EBITDA | 198,097 | 127,898 | 18,263 | 56,066 | 400,324 |
| Staff costs | 157,533 | 18,337 | 2,358 | 15,212 | 193,441 |
| External supplies and services | 42,523 | 108,168 | 845 | 21,501 | 173,037 |
| Other costs | 7,801 | 964 | 4,512 | 5,254 | 18,530 |
| Impairment and provisions | 1,306 | 1,346 | 7 | 12,658 | 15,317 |
| Internal services rendered | (11,066) | (916) | 10,541 | 1,442 | — |
| EBITDA | 24,823 | 13,450 | 28,025 | 13,782 | 80,079 |
| Depreciation/amortisation and impairment of investments, net | 19,984 | 7,566 | 76 | 4,101 | 31,728 |
| EBIT recurring | 4,839 | 5,884 | 27,949 | 9,681 | 48,351 |
| Specific items | 8,516 | 585 | — | (15) | 9,086 |
| <i>Business restructurings</i> | 3,110 | 266 | — | — | 3,375 |
| <i>Strategic studies and projects costs</i> | 793 | 330 | — | — | 1,123 |
| <i>Other non-recurring income and expenses</i> | 4,613 | (10) | — | (15) | 4,587 |
| EBIT | (3,677) | 5,298 | 27,949 | 9,696 | 39,265 |
| Financial results | | | | | (7,126) |
| <i>Interest expenses</i> | | | | | (7,736) |
| <i>Interest income</i> | | | | | 609 |
| Gains/losses in subsidiary, associated companies and joint ventures | | | | | 2 |
| Earnings before taxes and non-controlling interests (EBT) | | | | | 32,140 |
| Income tax for the period | | | | | 6,118 |
| Net profit for the period | | | | | 26,022 |
| Non-controlling interests | | | | | (27) |
| Equity holders of parent company | | | | | 26,049 |

As at 30 June 2023, specific items amounted to 9.1 million euros, due to: (i) restructuring, namely agreements to suspend employment contracts (+3.38 million euros), (ii) strategic projects (+1.12 million euros), (iii) impairment loss increase for the former headquarters (+5.18 million euros), (iv) change of headquarters (-0.55 million euros) and, (v) gross gains with the contracted derivatives valuation (-0.02 million euros).

The revenues are detailed as follows:

| Thousand Euros | 30.06.2022 | 30.06.2023 |
|--|-------------------|-------------------|
| Mail | 241,608 | 222,920 |
| Transactional mail | 176,600 | 178,835 |
| Editorial mail | 6,181 | 6,001 |
| Parcels (USO) | 3,447 | 3,740 |
| Advertising mail | 8,783 | 7,026 |
| Philately | 2,189 | 2,071 |
| Business Solutions | 41,765 | 21,999 |
| Other | 2,643 | 3,248 |
| Express & Parcels | 122,698 | 141,348 |
| Portugal | 61,476 | 68,509 |
| Parcels | 55,074 | 63,126 |
| Cargo | 2,561 | 2,101 |
| Banking network | 2,092 | 2,147 |
| Logistics | 1,451 | 1,644 |
| Other | 298 | (509) |
| Spain | 59,523 | 70,664 |
| Mozambique | 1,698 | 2,175 |
| Financial Services & Retail | 24,182 | 46,289 |
| Savings & Insurance | 11,458 | 36,209 |
| Money orders | 2,970 | 2,148 |
| Payments | 806 | 839 |
| Retail | 8,356 | 6,233 |
| Other | 593 | 860 |
| Bank | 57,942 | 69,847 |
| Net interest income | 34,420 | 46,050 |
| Interest income (+) | 36,650 | 57,584 |
| Interest expense (-) | (2,230) | (11,534) |
| Fees & commissions income (+) | 21,607 | 22,236 |
| Credits | 2,640 | 2,462 |
| Savings & Insurance | 3,731 | 3,920 |
| Accounts and Cards | 6,411 | 6,628 |
| Payments | 8,770 | 9,172 |
| Other comissions received | 54 | 54 |
| Other | 1,915 | 1,561 |
| | 446,429 | 480,403 |

The revenue detail, related to sales and services rendered and financial margin, for the six-months periods ended 30 June 2022 and 30 June 2023, by revenue sources, are detailed as follows:

| Nature | 30.06.2022 | | | | |
|---|--------------------|--------------------|-----------------------------|-------------------|--------------------|
| | Mail | Express & Parcels | Financial Services & Retail | Bank | Total |
| Postal Services | 231,453,338 | — | — | — | 231,453,338 |
| Express services | — | 122,458,776 | — | — | 122,458,776 |
| Merchandising products sales | — | — | 839,624 | — | 839,624 |
| PO Boxes | — | — | 756,792 | — | 756,792 |
| International mail services (*) | 8,277,102 | — | — | — | 8,277,102 |
| Financial Services fees | — | — | 21,888,527 | 42,977,157 | 64,865,684 |
| "Sales and Services rendered" and "Financial Margin" total | 239,730,441 | 122,458,776 | 23,484,944 | 42,977,157 | 428,651,317 |

(*) Inbound Mail

| Nature | 30.06.2023 | | | | |
|---|--------------------|--------------------|-----------------------------|-------------------|--------------------|
| | Mail | Express & Parcels | Financial Services & Retail | Bank | Total |
| Postal Services | 212,249,632 | — | — | — | 212,249,632 |
| Express services | — | 141,020,740 | — | — | 141,020,740 |
| Merchandising products sales | — | — | 613,643 | — | 613,643 |
| PO Boxes | — | — | 769,302 | — | 769,302 |
| International mail services (*) | 8,304,291 | — | — | — | 8,304,291 |
| Financial Services fees | — | — | 43,936,448 | 54,980,128 | 98,916,576 |
| "Sales and Services rendered" and "Financial Margin" total | 220,553,923 | 141,020,740 | 45,319,394 | 54,980,128 | 461,874,184 |

(*) Inbound Mail

The assets by segment are detailed as follows:

| Assets (Euros) | 31.12.2022 | | | | | |
|---|--------------------|--------------------|-----------------------------|----------------------|----------------------|----------------------|
| | Mail | Express & Parcels | Financial Services & Retail | Bank | Non allocated assets | Total |
| Intangible assets | 29,226,579 | 7,734,013 | 364,038 | 25,708,809 | 6,375,169 | 69,408,609 |
| Tangible fixed assets | 213,252,192 | 81,844,891 | 36,878 | 5,452,949 | 2,618,871 | 303,205,780 |
| Investment properties | — | — | — | — | 6,183,979 | 6,183,979 |
| Goodwill | 16,216,237 | 2,955,753 | — | 61,084,749 | — | 80,256,739 |
| Deferred tax assets | — | — | — | — | 67,823,608 | 67,823,608 |
| Accounts receivable | — | — | — | — | 147,130,876 | 147,130,876 |
| Credit to bank clients | — | — | — | 1,777,565,012 | — | 1,777,565,012 |
| Financial assets at fair value through profit or loss | — | — | — | 52,698,430 | — | 52,698,430 |
| Debt securities at amortised cost | — | — | — | 537,780,644 | — | 537,780,644 |
| Other banking financial assets | — | — | — | 462,187,527 | — | 462,187,527 |
| Other assets | 10,775,826 | 25,379,275 | 11,326,793 | 35,289,719 | 14,005,884 | 96,777,497 |
| Cash and cash equivalents | — | 23,442,625 | — | 130,359,498 | 302,667,177 | 456,469,298 |
| Non-current assets held for sale | — | — | — | 200 | — | 200 |
| | 269,470,834 | 141,356,557 | 11,727,709 | 3,088,127,536 | 546,805,564 | 4,057,488,199 |

| Assets (Euros) | 30.06.2023 | | | | | |
|---|--------------------|--------------------|-----------------------------|----------------------|----------------------|----------------------|
| | Mail | Express & Parcels | Financial Services & Retail | Bank | Non allocated assets | Total |
| Intangible assets | 32,819,235 | 8,908,685 | 365,750 | 24,658,627 | 1,523,031 | 68,275,327 |
| Tangible fixed assets | 196,665,955 | 83,505,546 | 27,169 | 5,443,574 | 2,137,292 | 287,779,536 |
| Investment properties | — | — | — | — | 6,079,769 | 6,079,769 |
| Goodwill | 16,216,237 | 2,955,753 | — | 61,084,749 | — | 80,256,739 |
| Deferred tax assets | — | — | — | — | 68,223,224 | 68,223,224 |
| Accounts receivable | — | — | — | — | 158,551,902 | 158,551,902 |
| Credit to bank clients | — | — | — | 1,794,686,664 | — | 1,794,686,664 |
| Financial assets at fair value through profit or loss | — | — | — | 52,589,529 | — | 52,589,529 |
| Debt securities at amortised cost | — | — | — | 442,206,063 | — | 442,206,063 |
| Other banking financial assets | — | — | — | 628,523,089 | — | 628,523,089 |
| Other assets | 12,901,584 | 28,398,109 | 19,190,863 | 47,904,044 | 13,059,377 | 121,453,978 |
| Cash and cash equivalents | — | 17,873,291 | — | 98,502,257 | 219,924,547 | 336,300,096 |
| Non-current assets held for sale | — | — | — | 200 | — | 200 |
| | 258,603,011 | 141,641,384 | 19,583,782 | 3,155,598,796 | 469,499,141 | 4,044,926,116 |

The non-current assets acquisitions by segment, are detailed as follows:

| | 31.12.2022 | | | | | |
|-----------------------|-------------------|-------------------|-----------------------------|------------------|----------------------|-------------------|
| | Mail | Express & Parcels | Financial Services & Retail | Bank | Non allocated assets | Total |
| Intangible assets | 11,016,193 | 4,214,186 | 174,180 | 4,893,872 | — | 20,298,431 |
| Tangible fixed assets | 29,934,224 | 29,880,486 | — | 3,276,571 | — | 63,091,280 |
| | 40,950,416 | 34,094,672 | 174,180 | 8,170,444 | — | 83,389,712 |

| | 30.06.2023 | | | | | |
|-----------------------|------------------|-------------------|-----------------------------|------------------|----------------------|-------------------|
| | Mail | Express & Parcels | Financial Services & Retail | Bank | Non allocated assets | Total |
| Intangible assets | 2,746,933 | 1,964,770 | 52,191 | 2,280,933 | — | 7,044,827 |
| Tangible fixed assets | 2,438,901 | 8,141,693 | — | 736,315 | — | 11,316,908 |
| | 5,185,834 | 10,106,463 | 52,191 | 3,017,248 | — | 18,361,735 |

The detail of the underlying reasons to the non-allocation of the following assets to any segment, is as follows:

- “Intangible assets” (1,523,031 Euros): the unallocated amount is related to part of the intangible assets in progress, which are allocated to the underlying segment in the moment they become firm assets;
- “Tangible fixed assets” (2,137,292 Euros): This amount corresponds to a part of the tangible fixed assets in progress and advances payments to suppliers, which are allocated to the related segment at the time of the transfer to firm assets;
- “Investment properties” (6,079,769 Euros): These assets are not allocated to the operating activity, which is why they are not allocated to any segment;
- “Deferred tax assets” (68,223,224 Euros): These assets are mainly comprised of deferred tax assets associated with employee benefits, being those related to the CTT, S.A. Health Plan the most relevant amount, as detailed in note 26 - Income tax for the period. CTT, S.A. is allocated to different segments, as already mentioned, the allocation of these assets to the different segments does not seem possible to be carried out reliably;
- “Accounts receivables” (158,551,902 Euros): This amount cannot be allocated, due to the existence of multi-products customers, whose receivable amounts correspond to more than one segment;
- “Other assets” (13,059,377 Euros): This amount is mainly related to investments in associated companies and investments in joint ventures, that are not allocated to the operating activity, which is why they are not allocated to any segment, as well as some captions of prepayments and other current and non-current assets, mostly related to CTT S.A., which are allocated to different segments and this allocation is not possible to be carried out reliably;
- “Cash and cash equivalents (219,924,547 Euros): the unallocated amount is related, essentially, to the cash and cash equivalents of CTT S.A., as this company concentrates the business segments’ Mail, Financial Services & Retail and Bank, and it is not possible to split the amounts of cash and bank deposits by each CTT’s businesses.

Debt by segment is detailed as follows:

| | 31.12.2022 | | | | |
|---------------------------|--------------------|-------------------|-----------------------------|------------------|--------------------|
| Other information (Euros) | Mail | Express & Parcels | Financial Services & Retail | Bank | Total |
| Non-current debt | 86,221,715 | 47,207,447 | 14,320 | 2,754,441 | 136,197,923 |
| Bank loans | 40,706,101 | — | — | — | 40,706,101 |
| Lease liabilities | 45,515,614 | 47,207,447 | 14,320 | 2,754,441 | 95,491,822 |
| Current debt | 43,016,079 | 15,550,912 | 18,221 | 1,171,532 | 59,756,744 |
| Bank loans | 21,588,169 | 7,783,898 | — | — | 29,372,066 |
| Lease liabilities | 21,427,911 | 7,767,015 | 18,221 | 1,171,532 | 30,384,678 |
| | 129,237,794 | 62,758,359 | 32,541 | 3,925,972 | 195,954,667 |

| Other information (Euros) | 30.06.2023 | | | | |
|---------------------------|--------------------|-------------------|-----------------------------|------------------|--------------------|
| | Mail | Express & Parcels | Financial Services & Retail | Bank | Total |
| Non-current debt | 114,638,597 | 47,585,716 | 7,078 | 2,310,685 | 164,542,076 |
| Bank loans | 40,654,047 | — | — | — | 40,654,047 |
| Commercial Paper | 34,931,328 | — | — | — | 34,931,328 |
| Lease liabilities | 39,053,223 | 47,585,716 | 7,078 | 2,310,685 | 88,956,702 |
| Current debt | 32,513,230 | 16,842,442 | 18,310 | 1,058,035 | 50,432,018 |
| Bank loans | 14,551,222 | 7,814,905 | — | — | 22,366,126 |
| Commercial Paper | 888 | — | — | — | 888 |
| Lease liabilities | 17,961,121 | 9,027,537 | 18,310 | 1,058,035 | 28,065,003 |
| | 147,151,828 | 64,428,158 | 25,388 | 3,368,720 | 214,974,094 |

The Group is domiciled in Portugal. The result of its Sales and services rendered by geographical segment is disclosed below:

| Thousand Euros | 30.06.2022 | 30.06.2023 |
|---------------------------|----------------|----------------|
| Revenue - Portugal | 309,068 | 309,656 |
| Revenue - other countries | 85,163 | 106,168 |
| | 394,231 | 415,824 |

The revenue rendered in other countries, includes the revenue from the Express & Parcels rendered in Spain by CTT Expresso branch in this country, in the amount of 68,042 thousand Euros (30 June 2022: 57,534 thousands of euros).

4. Tangible fixed assets

During the year ended 31 December 2022 and the six-months period ended 30 June 2023, the movements occurred in Tangible fixed assets, as well as the respective accumulated depreciation, were as follows:

| | 31.12.2022 | | | | | | | | | |
|----------------------------------|----------------------------|-----------------------------------|-------------------|---------------------|------------------|-----------------------------|-----------------------------------|-------------------------------|--------------------|--------------------|
| | Land and natural resources | Buildings and other constructions | Basic equipment | Transport equipment | Office equipment | Other tangible fixed assets | Tangible fixed assets in progress | Advance payments to suppliers | Rights of use | Total |
| Tangible fixed assets | | | | | | | | | | |
| Opening balance | 35,623,210 | 340,476,500 | 169,083,615 | 3,607,398 | 72,055,630 | 27,369,691 | 3,612,902 | 4,763,076 | 256,671,618 | 913,263,640 |
| Acquisitions | — | 510,894 | 4,542,226 | 175,677 | 2,448,334 | 1,112,055 | 6,899,239 | 1,008,038 | — | 16,696,462 |
| New contracts | — | — | — | — | — | — | — | — | 32,163,406 | 32,163,406 |
| Disposals | (14,309) | (209,892) | (761,272) | — | (29,279) | — | — | — | — | (1,014,752) |
| Transfers and write-offs | — | 2,475,616 | 8,272,318 | (135,248) | (191,361) | (74,613) | (6,509,623) | (5,618,537) | (55,207,647) | (56,989,095) |
| Remeasurements | — | — | — | — | — | — | — | — | 23,981,383 | 23,981,383 |
| Adjustments | — | 1,332 | 22,017 | 1,676 | 24,510 | 160,119 | 16,292 | — | (4,192) | 221,754 |
| Closing balance | 35,608,901 | 343,254,451 | 181,158,903 | 3,649,503 | 74,307,835 | 28,567,252 | 4,018,810 | 152,577 | 257,604,568 | 928,322,799 |
| Accumulated depreciation | | | | | | | | | | |
| Opening balance | 3,562,627 | 229,858,304 | 138,852,469 | 3,441,543 | 66,789,717 | 21,267,005 | — | — | 153,184,938 | 616,956,602 |
| Depreciation for the period | — | 9,017,208 | 7,044,204 | 62,669 | 1,717,246 | 1,377,100 | — | — | 29,389,515 | 48,607,942 |
| Disposals | (824) | (137,555) | (760,152) | — | (18,325) | — | — | — | — | (916,856) |
| Transfers and write-offs | — | (68,992) | (89,374) | — | (191,361) | (74,921) | — | — | (43,177,040) | (43,601,687) |
| Adjustments | — | 526 | 65,316 | 1,429 | 2,300 | 1,547 | — | — | 347,773 | 418,891 |
| Closing balance | 3,561,803 | 238,669,491 | 145,112,462 | 3,505,640 | 68,299,578 | 22,570,731 | — | — | 139,745,187 | 621,464,892 |
| Accumulated impairment | | | | | | | | | | |
| Opening balance | — | — | — | — | — | 19,460 | — | — | — | 19,460 |
| Increases | — | 218,840 | — | — | — | (3,335) | — | — | 3,417,162 | 3,632,667 |
| Closing balance | — | 218,840 | — | — | — | 16,125 | — | — | 3,417,162 | 3,652,127 |
| Net Tangible fixed assets | 32,047,098 | 104,366,119 | 36,046,441 | 143,862 | 6,008,257 | 5,980,396 | 4,018,810 | 152,577 | 114,442,220 | 303,205,780 |

| | 30.06.2023 | | | | | | | | | |
|----------------------------------|----------------------------|-----------------------------------|-------------------|---------------------|------------------|-----------------------------|-----------------------------------|-------------------------------|--------------------|--------------------|
| | Land and natural resources | Buildings and other constructions | Basic equipment | Transport equipment | Office equipment | Other tangible fixed assets | Tangible fixed assets in progress | Advance payments to suppliers | Rights of use | Total |
| Tangible fixed assets | | | | | | | | | | |
| Opening balance | 35,608,901 | 343,254,451 | 181,158,903 | 3,649,503 | 74,307,835 | 28,567,252 | 4,018,810 | 152,577 | 257,604,568 | 928,322,799 |
| Acquisitions | — | 154,935 | 1,242,459 | 2,759 | 280,455 | 479,454 | 2,080,005 | 18,583 | — | 4,258,650 |
| New contracts | — | — | — | — | — | — | — | — | 7,058,258 | 7,058,258 |
| Disposals | — | — | (164,483) | — | (502) | — | — | — | — | (164,985) |
| Transfers and write-offs | — | 2,328,284 | 1,669,308 | — | 163,170 | (6,186) | (3,962,842) | (100,908) | (197,460) | (106,634) |
| Terminated contracts | — | — | — | — | — | — | — | — | (1,261,497) | (1,261,497) |
| Remeasurements | — | — | — | — | — | — | — | — | 1,380,992 | 1,380,992 |
| Adjustments | — | (485) | (41,373) | (1,057) | 5,653 | 4,496 | 36,666 | — | 3,765 | 7,665 |
| Closing balance | 35,608,901 | 345,737,183 | 183,864,814 | 3,651,204 | 74,756,610 | 29,045,016 | 2,172,639 | 70,252 | 264,588,626 | 939,495,247 |
| Accumulated depreciation | | | | | | | | | | |
| Opening balance | 3,561,803 | 238,669,491 | 145,112,462 | 3,505,640 | 68,299,578 | 22,570,731 | — | — | 139,745,187 | 621,464,892 |
| Depreciation for the period | — | 4,986,930 | 2,326,797 | 33,109 | 871,794 | 734,807 | — | — | 17,096,889 | 26,050,326 |
| Disposals | — | — | (164,483) | — | (309) | — | — | — | — | (164,792) |
| Transfers and write-offs | — | — | — | — | — | (6,186) | — | — | (116,615) | (122,801) |
| Terminated contracts | — | — | — | — | — | — | — | — | (1,261,497) | (1,261,497) |
| Adjustments | — | (218) | (20,135) | (649) | (770) | (496) | — | — | 59,681 | 37,413 |
| Closing balance | 3,561,803 | 243,656,203 | 147,254,641 | 3,538,100 | 69,170,293 | 23,298,857 | — | — | 155,523,645 | 646,003,542 |
| Accumulated impairment | | | | | | | | | | |
| Opening balance | — | 218,840 | — | — | — | 16,125 | — | — | 3,417,162 | 3,652,127 |
| Increases | — | 280,550 | — | — | — | — | — | — | 4,896,310 | 5,176,860 |
| Reversals | — | (187,577) | — | — | — | (245) | — | — | (2,928,996) | (3,116,818) |
| Closing balance | — | 311,812 | — | — | — | 15,880 | — | — | 5,384,476 | 5,712,169 |
| Net Tangible fixed assets | 32,047,098 | 101,769,168 | 36,610,172 | 113,104 | 5,586,318 | 5,730,279 | 2,172,639 | 70,252 | 103,680,505 | 287,779,536 |

The depreciation recorded in the Group amounting to 26,050,326 Euros (23,790,086 Euros on 30 June 2022), is booked under the caption Depreciation/amortisation and impairment of investments, net.

As at 30 June 2023, Land and natural resources and Buildings and other constructions include 442,393 Euros (458,441 Euros as at 31 December 2022), related to land and property in co-ownership with the company MEO – Serviços de Comunicações e Multimédia, S.A..

According to the concession contract in force (Note 1), at the end of the concession, the assets included in the public and private domain of the State revert automatically, at no cost, to the conceding entity. As the postal network belongs exclusively to CTT, not being a public domain asset, only the assets that belong to the State revert to it, and as such, at the end of the concession CTT will continue to own its assets. The Board of Directors, supported by CTT's accounting records and the statement of Directorate General of Treasury and Finance ("Direção Geral do Tesouro e Finanças"), the entity responsible for the Information System of Public Buildings ("Sistema de Informação de Imóveis do Estado" – SIIIE) concludes that CTT's assets do not include any public or private domain assets of the Portuguese State.

As under the concession contract, the grantor does not control any significant residual interest in CTT's postal network and CTT being free to dispose of, replace or encumber the assets that integrate the postal network, IFRIC 12 - Service Concession Agreements is not applicable to the universal postal service concession contract.

In the six-months periods ended 30 June 2023, the Group reviewed the useful lives of some classes of tangible fixed assets, of which the following stand out: computer equipment from the office equipment class, essentially extending them from 3 to 6 years; ii) sorting machines, from basic equipment class, essentially extending them from 8 to 15 years; and iii) improvement works on third-party buildings in the Buildings and other constructions class, in which case their useful life was evaluated together with the underlying lease term. The review of the useful life was carried out based on the analysis of the historical average effective use of the assets allocated to the underlying class taking into account their current estimated economic life, as well as the analysis of the useful lives practised for similar assets by the Peer Groups of CTT Group. Changes in useful lives are accounted for prospectively. The impact of this change results in a reduction in depreciation in the six-months periods ended 30 June 2023 of 920 thousand euros and an estimated reduction for the year 2023 of 1,830 thousand euros.

During the six-months periods ended 30 June 2023, the most significant movements in the Tangible Fixed Assets caption were the following:

Buildings and other constructions:

The movements associated with acquisitions and transfers concern to capitalisation works in own and third-party buildings in several CTT and CTT Expresso facilities.

Basic equipment:

The amount relating to acquisitions mainly concerns the acquisition of various postal equipment for the amount of 664 thousand Euros by CTT Expresso and the acquisition of lockers for the amount of 523 thousand Euros by Open Lockers.

Office equipment:

The amount relating to acquisitions mainly concerns the acquisition of furniture in the amount of 89 thousand Euros, at CTT, as well as the acquisition of several micro-computer equipment in the amount of 56 thousand Euros and the acquisition of furniture worth 27 thousand Euros at CTT Expresso.

Other tangible fixed assets:

The acquisitions caption essentially includes prevention and safety equipment in the amount of approximately 168 thousand Euros and the acquisition of fixed communication equipment for an approximate amount of 156 thousand Euros at CTT.

Tangible fixed assets in progress and advance payments to suppliers:

Under the tangible fixed assets in progress acquisitions caption and advances payments suppliers are, essentially, booked the work in progress in the new headquarters building - Green Park at CTT.

Rights of Use

The rights of use recognised are detailed as follows, by type of underlying asset:

| | 31.12.2022 | | | |
|----------------------------------|-------------------|-------------------|------------------|--------------------|
| | Buildings | Vehicles | Other assets | Total |
| Tangible fixed assets | | | | |
| Opening balance | 221,150,166 | 33,910,310 | 1,611,141 | 256,671,618 |
| New contracts | 24,666,056 | 3,892,932 | 3,604,418 | 32,163,406 |
| Transfers and write-offs | (55,627,031) | 901,179 | (481,795) | (55,207,647) |
| Remeasurements | 23,900,634 | 80,749 | — | 23,981,383 |
| Adjustments | (6,272) | 2,080 | — | (4,192) |
| Closing balance | 214,083,554 | 38,787,250 | 4,733,764 | 257,604,568 |
| Accumulated depreciation | | | | |
| Opening balance | 135,142,142 | 17,015,249 | 1,027,547 | 153,184,938 |
| Depreciation for the period | 21,125,315 | 7,383,869 | 880,331 | 29,389,515 |
| Transfers and write-offs | (42,812,311) | (273,521) | (91,208) | (43,177,040) |
| Adjustments | 268,566 | 79,207 | — | 347,773 |
| Closing balance | 113,723,712 | 24,204,805 | 1,816,670 | 139,745,187 |
| Accumulated impairment | | | | |
| Opening balance | — | — | — | — |
| Increases | 3,417,162 | — | — | 3,417,162 |
| Closing balance | 3,417,162 | — | — | 3,417,162 |
| Net Tangible fixed assets | 96,942,681 | 14,582,445 | 2,917,094 | 114,442,220 |

| | 30.06.2023 | | | |
|----------------------------------|-------------------|-------------------|------------------|--------------------|
| | Buildings | Vehicles | Other assets | Total |
| Tangible fixed assets | | | | |
| Opening balance | 214,083,554 | 38,787,250 | 4,733,764 | 257,604,568 |
| New contracts | 6,773,305 | 284,953 | — | 7,058,258 |
| Transfers and write-offs | (151,040) | (46,420) | — | (197,460) |
| Terminated contracts | (1,258,289) | (3,208) | — | (1,261,497) |
| Remeasurements | 265,015 | 1,115,977 | — | 1,380,992 |
| Adjustments | — | 3,765 | — | 3,765 |
| Closing balance | 219,712,545 | 40,142,317 | 4,733,764 | 264,588,626 |
| Accumulated depreciation | | | | |
| Opening balance | 113,723,712 | 24,204,805 | 1,816,670 | 139,745,187 |
| Depreciation for the period | 11,910,962 | 4,680,603 | 505,324 | 17,096,889 |
| Transfers and write-offs | (84,434) | (32,181) | — | (116,615) |
| Terminated contracts | (1,258,289) | (3,208) | — | (1,261,497) |
| Adjustments | 59,681 | — | — | 59,681 |
| Closing balance | 124,351,632 | 28,850,019 | 2,321,994 | 155,523,645 |
| Accumulated impairment | | | | |
| Opening balance | 3,417,162 | — | — | 3,417,162 |
| Increases | 4,896,310 | — | — | 4,896,310 |
| Reversals | (2,928,996) | — | — | (2,928,996) |
| Closing balance | 5,384,476 | — | — | 5,384,476 |
| Net Tangible fixed assets | 89,976,436 | 11,292,299 | 2,411,770 | 103,680,505 |

The depreciation recorded, in the amount of 17,096,889 Euros (14,379,056 Euros on 30 June 2022), is booked under the caption “Depreciation/amortisation and impairment of investments, net.”

As at 31 December 2022, the caption “Transfers and write-offs” essentially books the adjustment of the right of use associated with the lease agreement of the former CTT headquarters building - Edificio Báltico, following the remeasurement of the underlying liability, carried out within the scope of the decision to change headquarters premises. During 2022, an amendment to the lease in force was identified, embodied in a negotiation process in the pre-completion phase, which i) not being a separate lease; and ii) reducing the lease term, resulted in the adjustment of the right of use corresponding to a gross amount of 52,413 thousand euros and accumulated amortisations in the amount of 40,990 thousand euros, which together with the adjustment of the corresponding lease liability in the amount of 14,847 thousand euros, originated a gain of 3,424 thousand euros recognised under the caption “Gains/losses on sale/remeasurement of assets”. Additionally, on 31 December 2022, a new amendment to the aforementioned lease agreement was recorded due to a breach of agreed pre-contractual conditions which, once again, i) not being a separate lease; and ii) increasing the lease term, implied the remeasurement and recognition of the liability for the remaining term of the lease contract, in the amount of 14,231 thousand Euros, taking into account the discount rate in force on the date of this new amendment, as well as the corresponding right-of-use asset recognised under “Remeasurements” caption, in the same amount. Also with reference to 31 December 2022, an impairment loss was recognised for the aforementioned right of use, in the amount of 3,636 thousand Euros, corresponding to the period in which there is an expectation that the right of use does not generate economic benefits for the Group because the building is vacant. Additionally, an amount of 4,282 thousand Euros was recognised under the caption “New Contracts”, relating to the lease agreement for the new CTT headquarters building – Green Park. As at 30 June 2023, the amount recorded under “reversals” caption corresponds to the contract period that has already elapsed, the impairment being reverted in proportion to the depreciation of the right of use. Having maintained the vacancy situation of the building, the impairment loss initially recognised on 31 December 2022 was, in the period ended on 30 June 2023, increased by 5,172 thousand Euros.

The information on the liabilities associated with these leases as well as the interest expenses can be found disclosed on Debt (Note 18) and Interest expenses and income (Note 25), respectively.

For the six-months period ended 30 June 2023, no interest on loans was capitalised, as no loans were directly identified attributable to the acquisition or construction of an asset that requires a substantial period of time (greater than one year) to reach its status of use.

According to the analysis of impairment triggers as at 30 June 2023, no events or circumstances were identified that indicate that the amount for which the Group's tangible fixed assets are recorded may not be recovered.

Other information

The real estate assets of CTT are comprised of two portfolios with different characteristics:

1. Yield Portfolio:

As disclosed in a notice to the market on 19 June 2022, CTT is in exclusive negotiations, with a third party, for the management of this portfolio, which essentially comprises (1) the properties associated with the retail network of CTT and (2) warehouses and logistics and distribution centers of CTT's operational network in Portugal. As a result of this negotiation, on 31 October 2022, the company CTT IMO Yield, S.A. was created, with the purpose of holding and managing this income portfolio (note 7).

The management of this Yield Portfolio aims at the exploitation, internally and with third parties, of properties that are part of CTT's current and future network and which currently do not have relevant real estate development opportunities.

2. Development Portfolio

Regarding to the Development Portfolio, this comprises, among others, properties that may become, in the near future, non-essential for CTT's logistics networks and which have a potential for real estate development and promotion in specific projects.

There are no tangible fixed assets with restricted ownership or any carrying value relative to any tangible fixed assets which have been given as a guarantee of liabilities.

The contractual commitments related to Tangible fixed assets at 30 June 2023, amount to 2,748,429 Euros.

5. Intangible assets

During the year ended 31 December 2022 and the six-months period ended 30 June 2023, the movements which occurred in the main categories of the Intangible assets, as well as the respective accumulated amortisation, were as follows:

| | 31.12.2022 | | | | | Total |
|--|----------------------|-------------------|---------------------|-------------------------|-------------------------------|-------------------|
| | Development projects | Computer Software | Industrial property | Other intangible assets | Intangible assets in progress | |
| Intangible assets | | | | | | |
| Opening balance | 4,380,552 | 148,350,779 | 18,820,229 | 1,497,893 | 11,867,286 | 184,916,739 |
| Acquisitions | — | 2,324,541 | 861,415 | — | 17,112,475 | 20,298,431 |
| Transfers and write-offs | — | 18,791,615 | (114,634) | (1,053,154) | (19,594,954) | (1,971,127) |
| Adjustments | — | — | 24,387 | — | 50,177 | 74,564 |
| Other movements - PPA NewSpring Services | — | — | — | 1,864,330 | — | 1,864,330 |
| Closing balance | 4,380,552 | 169,466,935 | 19,591,397 | 2,309,070 | 9,434,984 | 205,182,938 |
| Accumulated amortisation | | | | | | |
| Opening balance | 4,379,539 | 102,371,559 | 13,099,884 | 1,497,893 | — | 121,348,875 |
| Amortisation for the period | 1,013 | 14,211,222 | 1,572,482 | 481,118 | — | 16,265,834 |
| Transfers and write-offs | — | (686,343) | (114,564) | (1,053,154) | — | (1,854,061) |
| Adjustments | — | — | 13,682 | — | — | 13,682 |
| Closing balance | 4,380,552 | 115,896,437 | 14,571,483 | 925,857 | — | 135,774,330 |
| Accumulated impairment | | | | | | |
| Opening balance | — | — | — | — | 60,617 | 60,617 |
| Impairment losses for the period | — | — | — | — | (60,617) | (60,617) |
| Closing balance | — | — | — | — | — | — |
| Net intangible assets | — | 53,570,497 | 5,019,914 | 1,383,213 | 9,434,984 | 69,408,609 |

| | 30.06.2023 | | | | | Total |
|---------------------------------|----------------------|-------------------|---------------------|-------------------------|-------------------------------|-------------------|
| | Development projects | Computer Software | Industrial property | Other intangible assets | Intangible assets in progress | |
| Intangible assets | | | | | | |
| Opening balance | 4,380,552 | 169,466,935 | 19,591,397 | 2,309,070 | 9,434,984 | 205,182,938 |
| Acquisitions | — | 1,484,804 | 174,873 | — | 5,385,149 | 7,044,827 |
| Transfers and write-offs | — | 11,341,462 | — | — | (11,439,379) | (97,917) |
| Adjustments | — | — | (7,630) | — | — | (7,630) |
| Closing balance | 4,380,552 | 182,293,201 | 19,758,640 | 2,309,070 | 3,380,755 | 212,122,218 |
| Accumulated amortisation | | | | | | |
| Opening balance | 4,380,552 | 115,896,437 | 14,571,483 | 925,857 | — | 135,774,330 |
| Amortisation for the period | — | 7,274,030 | 622,923 | 180,419 | — | 8,077,373 |
| Adjustments | — | — | (4,812) | — | — | (4,812) |
| Closing balance | 4,380,552 | 123,170,468 | 15,189,595 | 1,106,276 | — | 143,846,891 |
| Accumulated impairment | | | | | | |
| Opening balance | — | — | — | — | — | — |
| Closing balance | — | — | — | — | — | — |
| Net intangible assets | — | 59,122,733 | 4,569,045 | 1,202,794 | 3,380,755 | 68,275,327 |

The amortisation for the period ended 30 June 2023, amounting to 8,077,373 Euros (7,903,527 Euros as at 30 June 2022) was recorded under Depreciation / amortisation and impairment of investments, net.

In the period ended 31 December 2022, the caption “Other movements - PPA NewSpring Services” refers to the customer contracts portfolio acquired as part of the NewSpring Services’ shares acquisition transaction, and determined within the PPA scope (note 7).

In the six-months period ended 30 June 2023, the Group reviewed the useful lives of some classes of intangible assets, in particular application software, belonging to the Computer Software class,

extending them from 3 to 6 years. The review of the useful life was carried out based on the analysis of the historical average effective use of the assets allocated to the underlying class, taking into account their current estimated economic life. Changes in useful lives are accounted for prospectively. The impact of this change results in a reduction in amortisation in the six-months period ended 30 June 2023 of 997 thousand euros and an estimated reduction for the year 2023 of 1,772 thousand euros.

The caption Industrial property includes the license of the trademark “Payshop International” of CTT Contacto, S.A., in the amount of 1,200,000 Euros. This license has an indefinite useful life, therefore it is not amortised, being subject to impairment tests on a minimum annual basis or when there are indications of impairment.

The transfers occurred in the period ended 30 June 2023 from Intangible assets in progress to Computer software refer to IT projects, which were completed during the year.

The amounts of 2,270,912 Euros and 1,004,108 Euros were capitalised in computer software and in Intangible assets in progress as at 31 December 2022 and 30 June 2023, respectively, related to staff costs incurred in the development of these projects.

During the period ended 30 June 2023, the most significant movements in Intangible assets were the following:

Computer software:

The acquisitions item essentially includes acquisitions by CTT Espresso of the “Application Integration” software in the amount of 453 thousand Euros, in the “Micro IO” software in the amount of 270 thousand euros, in the “SalesForce” software in the amount of 264 thousand Euros.

Industrial property:

The acquisitions item essentially includes the acquisitions, by CTT, of “Desk Management” licenses in the amount of 161 thousand Euros.

The intangible assets in progress as at 30 June 2023 refer to IT projects that are being developed, the most significant being the following:

| | 30.06.2023 |
|-------------------------------------|-------------------|
| New Ecosystem Operations - Software | 422,210 |
| MB cards at Agents - software | 315,880 |
| Super App CTT - Software | 189,770 |
| ERP - SAP Success Factors | 174,314 |
| Galaxy - Software | 168,815 |
| Client Area B2B - Software | 159,388 |
| | 1,430,377 |

The Group has not identified any relevant uncertainties regarding the conclusion of ongoing projects, nor about their recoverability.

Most of the projects are expected to be completed in 2023.

The amount of research and development expenses incurred by the Group in 2022, in the amount of 4,169,551 Euros, was disclosed in Note 26.

There are no Intangible assets with restricted ownership or any carrying value relative to any Intangible assets which have been given as a guarantee of liabilities.

In the six-months period ended 30 June 2023, no interest on loans was capitalised, as no loans were directly identified attributable to the acquisition or construction of an asset that requires a substantial period of time (greater than one year) to reach its status of use.

Contractual commitments related intangible assets amounted to 5,781,497 Euros at 30 June 2023,

6. Investment properties

During the year ended 31 December 2022 and the six-months period ended 30 June 2023, the Group has the following assets classified as properties:

| | 31.12.2022 | | |
|----------------------------------|---|--|-------------------|
| | Land and natural resources | Buildings and other constructions | Total |
| Investment properties | | | |
| Opening balance | 2,889,422 | 11,230,168 | 14,119,589 |
| Disposals | (27,175) | (177,275) | (204,450) |
| Closing balance | 2,862,247 | 11,052,892 | 13,915,139 |
| Accumulated depreciation | | | |
| Opening balance | 158,649 | 7,240,580 | 7,399,229 |
| Depreciation for the period | — | 210,263 | 210,263 |
| Disposals | (3,081) | (128,433) | (131,513) |
| Closing balance | 155,569 | 7,322,410 | 7,477,979 |
| Accumulated impairment | | | |
| Opening balance | — | 392,936 | 392,936 |
| Impairment for the period | — | (139,754) | (139,754) |
| Closing balance | — | 253,181 | 253,181 |
| Net Investment properties | 2,706,679 | 3,477,300 | 6,183,979 |
| | 30.06.2023 | | |
| | Land and natural resources | Buildings and other constructions | Total |
| Investment properties | | | |
| Opening balance | 2,862,247 | 11,052,892 | 13,915,139 |
| Closing balance | 2,862,247 | 11,052,892 | 13,915,139 |
| Accumulated depreciation | | | |
| Opening balance | 155,569 | 7,322,410 | 7,477,979 |
| Depreciation for the period | — | 104,211 | 104,211 |
| Closing balance | 155,569 | 7,426,621 | 7,582,189 |
| Accumulated impairment | | | |
| Opening balance | — | 253,181 | 253,181 |
| Closing balance | — | 253,181 | 253,181 |
| Net Investment properties | 2,706,679 | 3,373,090 | 6,079,769 |

These assets are not allocated to the Group operating activities, being in the market available for lease.

The market value of these assets, which are classified as investment property, in accordance with the valuations obtained at the end of the fiscal year 2022 which were conducted by independent entities, amounts to 10,200,003 Euros.

The depreciation for the six-months period ended 30 June 2023, of 104,211 Euros (106,059 Euros on 30 June 2022) was recorded in the caption Depreciation/amortisation and impairment of investments, net.

For the six-months period ended 30 June 2023, the rents amount charged by the Group for properties and equipment leases classified as investment properties was 16,868 Euros (30 June 2022: 19,538 Euros).

7. Companies included in the consolidation

Subsidiary companies

As at 31 December 2022 and 30 June 2023, the parent company, CTT - Correios de Portugal, S.A. and the following subsidiaries were included in the consolidation:

| Company name | Place of business | Head office | 31.12.2022 | | | 30.06.2023 | | |
|---|-------------------|--|-------------------------|----------|-------|-------------------------|----------|-------|
| | | | Percentage of ownership | | | Percentage of ownership | | |
| | | | Direct | Indirect | Total | Direct | Indirect | Total |
| <u>Parent company:</u> | | | | | | | | |
| CTT - Correios de Portugal, S.A. | Portugal | Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon | — | — | — | — | — | — |
| <u>Subsidiaries:</u> | | | | | | | | |
| CTT Expresso - Serviços Postais e Logística, S.A. ("CTT Expresso") | Portugal | Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon | 100 | — | 100 | 100 | — | 100 |
| Payshop Portugal, S.A. ("Payshop") | Portugal | Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon | — | 100 | 100 | — | 100 | 100 |
| CTT Contacto, S.A. ("CTT Con") | Portugal | Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon | 100 | — | 100 | 100 | — | 100 |
| CTT Soluções Empresariais, S.A. ("CTT Sol") | Portugal | Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon | 100 | — | 100 | 100 | — | 100 |
| Correio Expresso de Moçambique, S.A. ("CORRE") | Mozambique | Av. 24 de Julho, Edifício 24, n.º 1097, 3.º Piso, Bairro da Polana Maputo - Moçambique | 50 | — | 50 | 50 | — | 50 |
| Banco CTT, S.A. ("BancoCTT") | Portugal | Building Atrium Saldanha 1 Floor 3 1050 -094 Lisbon | 100 | — | 100 | 100 | — | 100 |
| Fundo Inovação TechTree ("TechTree") | Portugal | Av Conselheiro Fernando de Sousa, 19 13º Esq 1070-072 Lisboa | 60 | 40 | 100 | 60 | 40 | 100 |
| 321 Crédito - Instituição Financeira de Crédito, S.A. ("321 Crédito") | Portugal | Avenida da Boavista, Nr 772, 1.º, Boavista Prime Bulding 4100-111 Oporto | — | 100 | 100 | — | 100 | 100 |
| NewSpring Services, S.A. ("NSS") | Portugal | Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon | — | 100 | 100 | — | 100 | 100 |
| CTT IMO - Sociedade Imobiliária, S.A. ("CTTI") | Portugal | Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon | 100 | — | 100 | 100 | — | 100 |
| Open Lockers, S.A. ("Lock") | Portugal | Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon | — | 66 | 66 | — | 66 | 66 |
| MedSpring, S.A. ("Med") | Portugal | Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon | — | 100 | 100 | — | 100 | 100 |
| CTT Services, S.A. ("Serv") | Portugal | Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon | — | 100 | 100 | — | 100 | 100 |
| CTT Imo Yield, S.A. ("IMOY") | Portugal | Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon | 100 | — | 100 | 100 | — | 100 |

Regarding to the company CORRE, as the Group has the right to variable returns arising from its involvement and the ability to affect those returns, it is included in the consolidation.

On 26 January 2022, CTT IMO was subject to a capital increase in the form of supplementary capital in the amount of 7,150,000 Euros.

On 9 March 2022, the entity MedSpring, S.A., owned by NewSpring Services, was established, whose corporate purpose is insurance mediation in the category of insurance agent.

As at 31 March 2022, CTT and CTT - Soluções Empresariais proceeded with the sale of their investments in Open Lockers, of 25.5% and 15%, respectively, to CTT Espresso, which now concentrates the CTT Group's investments in the entity. Therefore, this operation did not result in a change in the equity interests held by the Group.

On 20 April 2022, CTT Espresso subscribed for a share capital increase in the subsidiary Open Lockers, through a contribution in kind, in the amount of 492,232 Euros. The capital increase was subscribed in proportion to the shareholding held by each of the shareholders, CTT Espresso and Yun Express, and with the issuance of 750,000 new shares with no par value, ordinary, nominative and with an issue value of 1 euro each .

On 27 June 2022, the company HCCM - Outsourcing Investment was subject to a merger by incorporation into the company CTT - Soluções Empresariais, through the global transfer of the assets of the merged company to the acquiring company, and subsequent dissolution of the merged company. The present merger operation is part of the simplification process of the CTT Group's corporate structure. The merger took effect on 1 January 2022.

On 30 June 2022, Open Lockers was subject to a capital increase in the form of supplementary capital in the amount of 396,000 Euros.

As part of a corporate reorganisation in the Group, on 8 July 2022 the Board of Directors of Banco CTT approved the sale of its subsidiary Payshop Portugal, and its terms, to CTT, with its implementation is still dependent on the contract signature with the buyer and the non-opposition of the regulator, which is expected to occur within 1 year. Therefore, as at 30 June 2023, at the level of the individual and consolidated accounts of Banco CTT, Payshop's assets and liabilities are classified as discontinued assets and liabilities. This reclassification does not, however, have an impact on the consolidated accounts of the CTT group.

On 29 July 2022, Open Lockers was subject to a capital increase in the form of supplementary capital in the amount of 792,000 Euros.

On 31 October 2022, CTT established the subsidiary CTT IMO Yield, S.A.. The business purpose of this company is the leasing and management of real estate, as well as the purchase and sale of real estate. As disclosed in note 4, this company was incorporated with the purpose of owning and managing CTT's real estate yield portfolio and will essentially comprise (1) properties associated with CTT's retail network and (2) warehouses and logistics centres and delivery offices of CTT's operational network in Portugal.

On 30 November 2022, the company CTT Services, S.A., owned by CTT - Soluções Empresariais, was established, whose corporate purpose is to provide backoffice technical services, advice, support and logistical support for technological activities and document processing and production, the provision of services and "Know-how" to companies in the area of new technologies, as well as the provision of services in the area of technical and commercial support, software development, information technology projects and consultancy for carrying out studies and IT advisory .

On 29 March 2023 and 29 May 2023, Open Lockers was subject to capital increases in the form of a supplementary capital in the amount of 396,000 Euros in each of the periods.

Joint ventures

As at 31 December 2022 and 30 June 2023, the Group held the following interests in joint ventures, registered through the equity method:

| Company name | Place of business | Head office | 31.12.2022 | | | 30.06.2023 | | |
|-----------------|-------------------|---|-------------------------|----------|-------|-------------------------|----------|-------|
| | | | Percentage of ownership | | | Percentage of ownership | | |
| | | | Direct | Indirect | Total | Direct | Indirect | Total |
| NewPost, ACE | Portugal | Av. Fontes Pereira de Melo, 40 Lisboa | 49 | — | 49 | 49 | — | 49 |
| PTP & F, ACE | Portugal | Estrada Casal do Canas Amadora | 51 | — | 51 | 51 | — | 51 |
| Wolfspring, ACE | Portugal | Urbanização do Passil, nº100-A 2890-852 Alcochete | — | 50 | 50 | — | 50 | 50 |

On 13 January 2022, the investment in Mktplace - Comércio Eletrônico, S.A., (Dott) (corresponding to 50% of the share capital of the entity), was sold to Worten - Equipamentos para o Lar, S.A., holder of the remaining shareholder participation.

Associated companies

As at 31 December 2022 and 30 June 2023, the Group held the following interests in associated companies accounted for by the equity method:

| Company name | Place of business | Head office | 31.12.2022 | | | 30.06.2023 | | |
|------------------------------|-------------------|---------------------|-------------------------|----------|-------|-------------------------|----------|-------|
| | | | Percentage of ownership | | | Percentage of ownership | | |
| | | | Direct | Indirect | Total | Direct | Indirect | Total |
| Mafelosa, SL ^(a) | Espanha | Castellon - Espanha | — | 25 | 25 | — | 25 | 25 |
| Urpacksur, SL ^(a) | Espanha | Málaga - Espanha | — | 30 | 30 | — | 30 | 30 |

^(a) Company held by CTT Expresso - Serviços Postais e Logística, S.A., branch in Spain (until 2018 was held by Tourline Mensajería, SLU), which currently has no activity.

Structured entities

Additionally, considering the requirements of IFRS 10, the Group's consolidation perimeter includes the following structured entities:

| Name | Constitution Year | Place of issue | Consolidation Method |
|--------------------------|-------------------|----------------|----------------------|
| Ulisses Finance No.1 (*) | 2017 | Portugal | Full |
| Ulisses Finance No.2 (*) | 2021 | Portugal | Full |
| Ulisses Finance No.3 (*) | 2022 | Portugal | Full |
| Chaves Funding No.8 (*) | 2019 | Portugal | Full |
| Next Funding No.1 (*) | 2021 | Portugal | Full |

(*) Entities incorporated in the scope of securitisation operations, recorded in the consolidated financial statements in accordance with the Group's continued involvement, determined based on the percentage held in the residual interests (equity piece) of the respective vehicles and to the extent that the Group substantially owns the risks and rewards associated with the underlying assets and has the ability to affect these same risks and rewards.

On 1 June 2022, the Group issued a new securitisation operation named Ulisses Finance nº 3, through its subsidiary 321 Crédito. This operation aimed to finance the growth of Banco CTT's activity, optimising its capital and diversifying its sources of liquidity, through the securitisation of 200 million euros of car loans. Considering the provisions of IFRS10, this operation became part of the Group's consolidation perimeter.

The main impacts of the consolidation of these structured entities on the Group's accounts are the following:

| | 31.12.2022 | 30.06.2023 |
|---|---------------|---------------|
| Cash and cash equivalents | 22,640,074 | 24,776,088 |
| Financial assets at fair value through profit and loss (Derivatives) | 26,219,905 | 25,618,172 |
| Financial assets at amortised cost (Loans and advances to customers - Credit cards) - Note 10 | 353,815,583 | 299,862,802 |
| Financial assets at amortised cost (Loans and advances to customers - Other credits) | (40,672,436) | (32,483,077) |
| Financial assets at amortised cost (Debt securities) | (319,776,400) | (277,262,724) |

Changes in the consolidation perimeter

On 16 June 2021, CTT, through its subsidiary CTT Soluções Empresariais, entered into a purchase agreement for the entire share capital of NewSpring Services and its holding company HCCM – Outsourcing Investment, which operate in the Business Process Outsourcing (BPO) and Contact Center market. The Purchase Price Allocation (PPA), which was in progress on 31 December 2021, was concluded during the financial year of 2022, as provided for in IFRS 3 – Business combinations.

The Goodwill recognition on the acquisition date of HCCM - Outsourcing Investment and NewSpring Services was as follows:

| | Amount |
|---|------------------|
| Assets acquired (HCCM) | 5,887,230 |
| Liabilities acquired (HCCM) | 50,992 |
| Net assets acquired (HCCM) | 5,836,238 |
| Assets acquired (NSS) | 9,875,561 |
| Assets acquired (NSS) | 6,995,252 |
| Net assets acquired (NSS) | 2,880,309 |
| Net assets acquired (NSS) - CTT-SE Participation (*) | 139,292 |
| Fair Value Adjustments: | |
| Intangible Assets | 1,864,330 |
| Deferred Taxes Liabilities | (522,013) |
| Fair Value of the acquired assets (HCCM e NSS) | 7,317,847 |
| Contingent components | 4,500,000 |
| Acquisition Price | 10,701,086 |
| Goodwill | 7,883,238 |

(*) Acquisition by CTT-SE of 4,84% of the share capital of NSS, with the remaining 95,16% belonging to HCCM.

The contingent components related to the contractually established earnouts, and with reference to 31 December 2022, were already materialised, with no discrepancies from the initial estimate having been found.

The goodwill is mainly attributable to the skills of NewSpring Services' human capital and the synergies expected to be achieved with the integration of the company into the Group's existing businesses.

The fair value measurement methods applied by the Group was detailed as follows:

- Intangible Assets: The intangible assets are related to the portfolio of customer contracts acquired as part of the NewSpring Services share acquisition transaction. These contracts were measured at fair value on the acquisition date in accordance with the requirements of

IFRS 3 and IFRS 13. The fair value was estimated as the discounted value of expected future cash-flows of the acquired contracts, considering the term and their time value.

- **Deferred tax liabilities:** The estimated value for PPA purposes is related to the amount of deferred taxes resulting from differences between the fair value and the net book value of intangible assets related to customer contracts.

In the period ended 31 December 2022, the entities MedSpring, CTT IMO Yield e CTT Services were established and the structured entity Ulisses Finance no.3 was created, having both integrated the consolidation perimeter. The company HCCM - Outsourcing Investment was merged by incorporation into the company CTT Soluções Empresariais, through the global transfer of the assets of the acquired company to the acquiring company, and subsequent extinction of the incorporated company, with reference to 1 January 2022.

During six-months period ended 30 June 2023, there were no changes in the consolidation perimeter.

8. Debt securities

As at 31 December 2022 and 30 June 2023, the caption Debt securities, showed the following composition:

| | 31.12.2022 | 30.06.2023 |
|---|--------------------|--------------------|
| Non-current | | |
| Financial assets at amortised cost | | |
| Government bonds | 409,510,672 | 389,338,144 |
| Impairment | (121,927) | (79,987) |
| | 409,388,745 | 389,258,157 |
| Current | | |
| Financial assets at amortised cost | | |
| Government bonds | 128,401,573 | 52,952,075 |
| Impairment | (9,674) | (4,169) |
| | 128,391,899 | 52,947,906 |
| | 537,780,644 | 442,206,063 |

The financial assets at amortised cost are managed based on a business model whose objective is to receive its contractual cash flows.

The decrease in debt securities balance is justified by the repayment at maturity of 100 million euros of French public debt.

The analysis of the Financial assets at amortised cost, by remaining maturity, as at 31 December 2022 and 30 June 2023 is detailed as follows:

| | 31.12.2022 | | | | | | Total |
|---|---------------------|------------------------------------|--------------------|-----------------------------------|--------------------|--------------------|--------------------|
| | Current | | | Non-current | | | |
| | Due within 3 months | Over 3 months and less than 1 year | Total | Over 1 year and less than 3 years | Over 3 years | Total | |
| Financial assets at amortised cost | | | | | | | |
| Government bonds | | | | | | | |
| National | 3,011,149 | 17,990,243 | 21,001,392 | 38,028,368 | 162,664,338 | 200,692,705 | 221,694,097 |
| Foreign | 1,461,711 | 105,938,471 | 107,400,181 | 10,027,009 | 198,790,957 | 208,817,967 | 316,218,148 |
| | 4,472,860 | 123,928,714 | 128,401,573 | 48,055,377 | 361,455,295 | 409,510,672 | 537,912,245 |
| 30.06.2023 | | | | | | | |
| | Current | | | Non-current | | | Total |
| | Due within 3 months | Over 3 months and less than 1 year | Total | Over 1 year and less than 3 years | Over 3 years | Total | |
| | | | | | | | |
| Financial assets at amortised cost | | | | | | | |
| Government bonds | | | | | | | |
| National | 7,898,610 | 36,632,151 | 44,530,761 | 18,697,540 | 162,459,626 | 181,157,166 | 225,687,927 |
| Foreign | 2,403,470 | 6,017,844 | 8,421,315 | 10,022,291 | 198,158,687 | 208,180,978 | 216,602,292 |
| | 10,302,081 | 42,649,995 | 52,952,075 | 28,719,831 | 360,618,313 | 389,338,144 | 442,290,220 |

Fair Value

The fair value of debt securities at amortised cost portfolio, on 31 December 2022, amounted to 498,547 thousand euros (a negative difference of 39 233 thousand euros in relation to its book value).

The fair value of debt securities at amortised cost, on 30 June 2023, amounted to 398 265 thousand euros (a negative difference of 43,941 thousand euros in relation to its book value).

Impairment losses

The impairment losses, for the year ended 31 December 2022 and the six-months period ended 30 June 2023, are detailed as follows:

| | 31.12.2022 | | | | | |
|--|-----------------|---------------|-----------------|--------------|------------|-----------------|
| | Opening balance | Increases | Reversals | Utilisations | Transfers | Closing balance |
| Non-current assets | | | | | | |
| Financial assets at fair value through other comprehensive income | 2,572 | — | (2,572) | — | — | — |
| Financial assets at amortised cost | 111,953 | 39,065 | (28,784) | — | (307) | 121,927 |
| | 114,525 | 39,065 | (31,356) | — | (307) | 121,927 |
| Current assets | | | | | | |
| Financial assets at fair value through other comprehensive income | 623 | — | (623) | — | — | — |
| Financial assets at amortised cost | 8,551 | 3,100 | (2,284) | — | 307 | 9,674 |
| | 9,174 | 3,100 | (2,907) | — | 307 | 9,674 |
| Financial assets at fair value through other comprehensive income | 3,194 | — | (3,194) | — | — | — |
| Financial assets at amortised cost | 120,504 | 42,165 | (31,068) | — | — | 131,602 |
| | 123,698 | 42,165 | (34,262) | — | — | 131,602 |

| | 30.06.2023 | | | | | |
|---|-----------------|------------|-----------------|--------------|-----------|-----------------|
| | Opening balance | Increases | Reversals | Utilisations | Transfers | Closing balance |
| Non-current assets | | | | | | |
| Financial assets at amortised cost | 121,927 | 368 | (45,463) | — | 3,155 | 79,987 |
| | 121,927 | 368 | (45,463) | — | 3,155 | 79,987 |
| Current assets | | | | | | |
| Financial assets at amortised cost | 9,674 | 19 | (2,370) | — | (3,155) | 4,169 |
| | 9,674 | 19 | (2,370) | — | (3,155) | 4,169 |
| Financial assets at amortised cost | 131,602 | 388 | (47,833) | — | — | 84,156 |
| | 131,602 | 388 | (47,833) | — | — | 84,156 |

Regarding the movements in impairment losses of Financial assets at fair value through other comprehensive income by stages, for the year ended 31 December 2022 and the six-months period ended 30 June 2023, they are detailed as follows:

| | 31.12.2022 | 30.06.2023 |
|---|--------------|------------|
| | Stage 1 | Stage 1 |
| Opening balance | 3,194 | — |
| Change in period: | | |
| Decrease due to derecognition repayments and disposals | (3,194) | — |
| Impairment - Financial assets at fair value through other comprehensive income | — | — |

The reconciliation of accounting movements related to impairment losses is presented below:

| | 31.12.2022 | 30.06.2023 |
|---|--------------|------------|
| | Stage 1 | Stage 1 |
| Opening balance | 3,194 | — |
| Change in period: | | |
| ECL income statement change for the period | (3,194) | — |
| Impairment - Financial assets at fair value through other comprehensive income | — | — |

For the impairment losses of Financial assets at amortised cost, the movements by stages, in the year ended 31 December 2022 and the six-months period ended 30 June 2023, they are detailed as follows:

| | 31.12.2022 | 30.06.2023 |
|--|----------------|----------------|
| | Stage 1 | Stage 1 |
| Opening balance | 120,505 | 131,602 |
| Change in period: | | |
| Increases due to origination and acquisition | 26,972 | — |
| Changes due to change in credit risk | (7,324) | (43,921) |
| Decrease due to derecognition repayments and disposals | (8,552) | (3,525) |
| Impairment - Financial assets at amortised cost | 131,602 | 84,156 |

The reconciliation of accounting movements related to impairment losses is presented below:

| | 31.12.2022 | 30.06.2023 |
|--|----------------|----------------|
| | Stage 1 | Stage 1 |
| Opening balance | 120,505 | 131,602 |
| Change in period: | | |
| ECL income statement change for the period | 11,097 | (47,445) |
| Impairment - Financial assets at amortised cost | 131,602 | 84,156 |

According to the accounting policy in force, the Group regularly assesses whether there is objective evidence of impairment in its financial asset portfolios at amortised cost.

9. Other banking financial assets and liabilities

As at 31 December 2022 and 30 June 2023, the caption “Other banking financial assets” and “Other banking financial liabilities” showed the following composition:

| | 31.12.2022 | 30.06.2023 |
|------------------------------------|--------------------|--------------------|
| Non-current assets | | |
| Loans to credit institutions | 961,721 | — |
| Impairment | (274) | — |
| Other | — | — |
| | 961,446 | — |
| Current assets | | |
| Investments in central banks | 450,250,022 | 610,231,322 |
| Investments in credit institutions | 4,700,523 | 11,137,938 |
| Loans to credit institutions | 4,277,698 | 2,935,177 |
| Impairment | (1,394) | (4,808) |
| Other | 3,805,177 | 6,037,173 |
| Impairment | (1,805,945) | (1,813,712) |
| | 461,226,081 | 628,523,089 |
| | 462,187,528 | 628,523,089 |
| Current liabilities | | |
| Other | 46,210,667 | 30,121,021 |
| | 46,210,667 | 30,121,021 |

Investments in central banks, credit institutions and Loans to credit institutions

Regarding the above-mentioned captions, the scheduling by maturity is as follows:

| | 31.12.2022 | 30.06.2023 |
|---------------------|--------------------|--------------------|
| Up to 3 months | 455,572,501 | 611,652,918 |
| From 3 to 12 months | 3,655,742 | 12,651,519 |
| From 1 to 3 years | 961,721 | — |
| | 460,189,964 | 624,304,437 |

The caption “Investments at credit institutions” showed an annual average return of 1.761% (31 December 2022: 1.314%).

The amount of 610,231,322 Euros recorded in investments in central banks corresponds to overnight deposits with the Bank of Portugal remunerated at a rate of 3.50%. The increase in the balance

compared to the previous period is related to the raising of funds from customers during the first half of 2023.

Impairment

The impairment losses, in the year ended 31 December 2022 and the six-months period ended 30 June 2023, are detailed as follows:

| 31.12.2022 | | | | | | |
|--|------------------|---------------|----------------|-----------------|----------------|------------------|
| | Opening balance | Increases | Reversals | Utilisations | Transfers | Closing balance |
| Non-current assets | | | | | | |
| Investments and loans in credit institutions | 1,709 | 140 | (508) | — | (1,067) | 274 |
| | 1,709 | 140 | (508) | — | (1,067) | 274 |
| Current assets | | | | | | |
| Investments and loans in credit institutions | 2,197 | 712 | (2,581) | — | 1,067 | 1,394 |
| Other | 1,800,306 | 52,283 | (4,548) | (42,097) | — | 1,805,945 |
| | 1,802,504 | 52,995 | (7,129) | (42,097) | 1,067 | 1,807,339 |
| | 1,804,213 | 53,135 | (7,637) | (42,097) | — | 1,807,613 |
| 30.06.2023 | | | | | | |
| | Opening balance | Increases | Reversals | Utilisations | Transfers | Closing balance |
| Non-current assets | | | | | | |
| Investments and loans in credit institutions | 274 | — | — | — | (274) | — |
| | 274 | — | — | — | (274) | — |
| Current assets | | | | | | |
| Investments and loans in credit institutions | 1,394 | 4,446 | (1,306) | — | 274 | 4,808 |
| Other | 1,805,945 | 8,336 | (569) | — | — | 1,813,712 |
| | 1,807,339 | 12,782 | (1,875) | — | 274 | 1,818,521 |
| | 1,807,614 | 12,782 | (1,875) | — | — | 1,818,521 |

Regarding the movements in impairment losses on investments and loans to credit institutions by stages, in the periods ended on 31 December 2022 and the six-months period ended 30 June 2023, they are detailed as follows:

| | 31.12.2022 | 30.06.2023 |
|--|--------------|--------------|
| | Stage 1 | Stage 1 |
| Opening balance | 3,906 | 1,669 |
| Change in period: | | |
| Increases due to origination and acquisition | 852 | 4,446 |
| Changes due to change in credit risk | (892) | (624) |
| Decrease due to derecognition repayments and disposals | (2,197) | (683) |
| Impairment | 1,669 | 4,808 |

The reconciliation of accounting movements related to impairment losses is presented below:

| | 31.12.2022 | 30.06.2023 |
|--|-------------------|-------------------|
| | Stage 1 | Stage 1 |
| Opening balance | 3,906 | 1,669 |
| Change in period: | | |
| ECL income statement change for the period | (2,237) | 3,139 |
| Impairment | 1,669 | 4,808 |

The caption “Other current liabilities” essentially books the balance of banking operations pending of financial settlement.

10. Credit to banking clients

As at 31 December 2022 and 30 June 2023, the caption Credit to banking clients was detailed as follows:

| | 31.12.2022 | 30.06.2023 |
|-----------------------------------|----------------------|----------------------|
| Performing loans | 1,808,576,514 | 1,831,382,596 |
| Mortgage Loans | 659,528,828 | 677,720,014 |
| Auto Loans | 780,322,145 | 832,272,971 |
| Credit Cards | 364,276,261 | 316,884,440 |
| Leasings | 3,098,317 | 2,381,400 |
| Overdrafts | 1,350,964 | 2,123,770 |
| Overdue loans | 23,724,664 | 30,551,649 |
| Overdue loans - less than 90 days | 1,407,206 | 1,647,837 |
| Overdue loans - more than 90 days | 22,317,458 | 28,903,812 |
| | 1,832,301,179 | 1,861,934,245 |
| Credit risk impairment | (54,736,167) | (67,247,581) |
| | 1,777,565,012 | 1,794,686,664 |

The maturity analysis of the Credit to banking clients as at 31 December 2022 and 30 June 2023 is detailed as follows:

| 31.12.2022 | | | | | | | | | |
|----------------|------------------|---------------------|----------------------|-------------------|--------------------|----------------------|----------------------|----------------------|----------------------|
| | Current | | | | | Non-current | | | Total |
| | At sight | Due within 3 months | >3 months - < 1 year | Overdue Loans | Total | > 1 year - > 3 years | Over 3 years | Total | |
| Mortgage loans | — | 4,636,444 | 12,111,511 | 12,322 | 16,760,276 | 33,650,594 | 609,130,280 | 642,780,874 | 659,541,150 |
| Auto Loans | — | 31,350,940 | 83,953,302 | 12,548,440 | 127,852,682 | 218,528,051 | 446,489,852 | 665,017,903 | 792,870,584 |
| Credit Cards | — | 364,276,261 | — | 9,536,389 | 373,812,649 | — | — | — | 373,812,649 |
| Leasings | — | 343,726 | 802,179 | 156,492 | 1,302,398 | 1,277,212 | 675,199 | 1,952,411 | 3,254,809 |
| Overdraft | 1,350,964 | — | — | 1,471,022 | 2,821,986 | — | — | — | 2,821,986 |
| | 1,350,964 | 400,607,371 | 96,866,992 | 23,724,664 | 522,549,991 | 253,455,856 | 1,056,295,331 | 1,309,751,188 | 1,832,301,179 |

| 30.06.2023 | | | | | | | | | |
|----------------|------------------|---------------------|----------------------|-------------------|--------------------|----------------------|----------------------|----------------------|----------------------|
| | Current | | | | | Non-current | | | Total |
| | At sight | Due within 3 months | >3 months - < 1 year | Overdue Loans | Total | > 1 year - > 3 years | Over 3 years | Total | |
| Mortgage loans | — | 4,352,105 | 9,574,205 | 22,170 | 13,948,481 | 27,275,185 | 636,518,519 | 663,793,704 | 677,742,185 |
| Auto Loans | — | 33,089,661 | 89,794,635 | 18,442,495 | 141,326,790 | 232,550,557 | 476,838,120 | 709,388,676 | 850,715,467 |
| Credit Cards | — | 316,884,440 | — | 10,429,872 | 327,314,312 | — | — | — | 327,314,312 |
| Leasings | — | 258,342 | 617,301 | 130,023 | 1,005,665 | 949,200 | 556,557 | 1,505,757 | 2,511,422 |
| Overdrafts | 2,123,770 | — | — | 1,527,090 | 3,650,860 | — | — | — | 3,650,860 |
| | 2,123,770 | 354,584,548 | 99,986,141 | 30,551,649 | 487,246,108 | 260,774,941 | 1,113,913,196 | 1,374,688,137 | 1,861,934,245 |

The Credit Cards caption essentially books a portfolio of credit cards acquired within the scope of the Universo Partnership with Universo, IME, S.A.. This portfolio was recognised in the Group's financial statements to the extent that the Group is a sole investor in the Next Funding No.1 securitisation operation and, therefore, in compliance with the conditions set out in IFRS 10 - Consolidated Financial Statements, the securitisation operation is consolidated.

On 31 December 2022, the Group, through its subsidiary Banco CTT, and Universo, IME, reviewed the terms of the Partnership Agreement in the area of financial services, communicated to the market on 1 April 2021. In this context, Banco CTT and Universo agreed on the terms for the termination of the Agreement with a view to ending the partnership by December 2023. Notwithstanding this agreement, the conditions provided for in IFRS 10 for recognition of the credit card portfolio credit in the Group's financial statements continue to be verified on 31 December 2022 and 30 June 2023. Under this agreement, Banco CTT will be entitled to compensation of 2,000 thousand euros.

The breakdown of this heading by type of rate is as follows:

| | 31.12.2022 | 30.06.2023 |
|------------------------|----------------------|----------------------|
| Fixed rate | 1,147,499,141 | 1,196,465,252 |
| Floating rate | 684,802,038 | 665,468,993 |
| | 1,832,301,179 | 1,861,934,245 |
| Credit risk impairment | (54,736,167) | (67,247,581) |
| | 1,777,565,012 | 1,794,686,664 |

As at 31 December 2022 and 30 June 2023, the analysis of this caption by type of collateral, is presented as follows:

| 31.12.2022 | | | | | |
|------------------------|-----------------------------|----------------------|----------------------|---------------------|----------------------|
| | Performing Loans | Overdue Loans | Gross amount | Impairment | Net amount |
| Asset-backed Loans | 662,647,627 | 146,757 | 662,794,383 | (1,036,479) | 661,757,905 |
| Other guaranteed Loans | 761,033,646 | 5,465,861 | 766,499,507 | (25,917,657) | 740,581,850 |
| Unsecured Loans | 384,895,241 | 18,112,047 | 403,007,288 | (27,782,031) | 375,225,257 |
| | 1,808,576,514 | 23,724,664 | 1,832,301,179 | (54,736,167) | 1,777,565,012 |

| 30.06.2023 | | | | | |
|------------------------|-----------------------------|----------------------|----------------------|---------------------|----------------------|
| | Performing Loans | Overdue Loans | Gross amount | Impairment | Net amount |
| Asset-backed Loans | 680,125,665 | 113,817 | 680,239,482 | (961,012) | 679,278,471 |
| Other guaranteed Loans | 811,757,746 | 5,458,283 | 817,216,029 | (27,052,313) | 790,163,716 |
| Unsecured Loans | 339,499,185 | 24,979,549 | 364,478,734 | (39,234,256) | 325,244,478 |
| | 1,831,382,596 | 30,551,649 | 1,861,934,245 | (67,247,581) | 1,794,686,664 |

The credit type analysis of the caption, as at 31 December 2022 and 30 June 2023 is detailed as follows:

| 31.12.2022 | | | | | |
|-------------------|-----------------------------|----------------------|----------------------|---------------------|----------------------|
| | Performing Loans | Overdue Loans | Gross amount | Impairment | Net amount |
| Mortgage Loans | 659,528,828 | 12,322 | 659,541,150 | (913,526) | 658,627,625 |
| Auto Loans | 780,322,145 | 12,548,440 | 792,870,585 | (32,596,578) | 760,274,007 |
| Credit Cards | 364,276,261 | 9,536,389 | 373,812,649 | (19,997,066) | 353,815,583 |
| Leasings | 3,098,317 | 156,492 | 3,254,809 | (58,560) | 3,196,249 |
| Overdrafts | 1,350,964 | 1,471,022 | 2,821,986 | (1,170,437) | 1,651,548 |
| | 1,808,576,514 | 23,724,664 | 1,832,301,179 | (54,736,167) | 1,777,565,012 |

| 30.06.2023 | | | | | |
|-------------------|-----------------------------|----------------------|----------------------|---------------------|----------------------|
| | Performing Loans | Overdue Loans | Gross amount | Impairment | Net amount |
| Mortgage Loans | 677,720,014 | 22,170 | 677,742,185 | (852,815) | 676,889,370 |
| Auto Loans | 832,272,971 | 18,442,495 | 850,715,466 | (37,707,014) | 813,008,452 |
| Credit Cards | 316,884,440 | 10,429,872 | 327,314,312 | (27,451,510) | 299,862,802 |
| Leasings | 2,381,400 | 130,023 | 2,511,423 | (45,546) | 2,465,877 |
| Overdrafts | 2,123,770 | 1,527,090 | 3,650,860 | (1,190,697) | 2,460,163 |
| | 1,831,382,596 | 30,551,649 | 1,861,934,245 | (67,247,581) | 1,794,686,664 |

The analysis of credit to bank clients as at 31 December 2022 and 30 June 2023, by sector of activity, is as follows:

| | 31.12.2022 | | | | |
|--|----------------------|-------------------|----------------------|---------------------|----------------------|
| | Performing Loans | Overdue Loans | Gross amount | Impairment | Net amount |
| Companies | 73,517,445 | 1,432,171 | 74,949,616 | (2,636,453) | 72,313,163 |
| Agriculture, forestry and fishing | 8,953,383 | 111,188 | 9,064,571 | (284,460) | 8,780,112 |
| Mining and quarrying | 1,275,893 | 2,431 | 1,278,324 | (17,045) | 1,261,279 |
| Manufacturing | 6,335,183 | 149,505 | 6,484,688 | (209,049) | 6,275,639 |
| Water supply | 76,074 | — | 76,074 | (877) | 75,198 |
| Construction | 12,763,802 | 393,388 | 13,157,190 | (607,158) | 12,550,031 |
| Wholesale and retail trade | 10,508,686 | 160,442 | 10,669,128 | (312,582) | 10,356,546 |
| Transport and storage | 7,191,249 | 189,058 | 7,380,307 | (249,279) | 7,131,028 |
| Accommodation and food service activities | 5,522,098 | 97,047 | 5,619,145 | (234,925) | 5,384,220 |
| Information and communication | 825,977 | 165 | 826,142 | (4,572) | 821,570 |
| Financial and insurance activities | 281,488 | 6,662 | 288,150 | (16,097) | 272,052 |
| Real estate activities | 1,882,180 | 3,234 | 1,885,414 | (38,052) | 1,847,362 |
| Professional, scientific and technical activities | 2,199,136 | 19,674 | 2,218,810 | (71,056) | 2,147,754 |
| Administrative and support service activities | 3,876,731 | 90,129 | 3,966,861 | (186,372) | 3,780,489 |
| Public Administration, Defense and Social Security | 95,618 | — | 95,618 | (488) | 95,130 |
| Education | 790,979 | 1,941 | 792,920 | (13,857) | 779,063 |
| Human health services and social work activities | 1,356,996 | 46,801 | 1,403,797 | (33,217) | 1,370,580 |
| Arts, entertainment and recreation | 1,196,427 | 93,056 | 1,289,483 | (98,709) | 1,190,774 |
| Other services | 8,385,545 | 67,450 | 8,452,994 | (258,658) | 8,194,336 |
| Individuals | 1,735,059,070 | 22,292,494 | 1,757,351,563 | (52,099,713) | 1,705,251,851 |
| Mortgage Loans | 659,618,068 | 12,322 | 659,630,390 | (915,248) | 658,715,142 |
| Consumer Loans | 1,075,441,002 | 22,280,172 | 1,097,721,173 | (51,184,465) | 1,046,536,709 |
| | 1,808,576,515 | 23,724,665 | 1,832,301,179 | (54,736,166) | 1,777,565,012 |

| | 30.06.2023 | | | | |
|---|----------------------|-------------------|----------------------|---------------------|----------------------|
| | Performing Loans | Overdue Loans | Gross amount | Impairment | Net amount |
| Companies | 86,682,304 | 1,921,525 | 88,603,829 | (3,450,251) | 85,153,577 |
| Agriculture, forestry and fishing | 11,866,657 | 171,964 | 12,038,621 | (478,572) | 11,560,048 |
| Mining and quarrying | 1,409,069 | 4,294 | 1,413,363 | (36,395) | 1,376,968 |
| Manufacturing | 6,712,816 | 163,147 | 6,875,963 | (264,931) | 6,611,032 |
| Electricity, gas, steam and air conditioning supply | 8,866 | — | 8,866 | (37) | 8,828 |
| Water supply | 79,237 | — | 79,237 | (495) | 78,742 |
| Construction | 15,294,292 | 485,978 | 15,780,269 | (729,668) | 15,050,602 |
| Wholesale and retail trade | 12,047,085 | 214,958 | 12,262,043 | (354,259) | 11,907,785 |
| Transport and storage | 9,845,749 | 298,969 | 10,144,719 | (393,506) | 9,751,213 |
| Accommodation and food service activities | 6,359,378 | 101,808 | 6,461,186 | (275,585) | 6,185,601 |
| Information and communication | 983,492 | 881 | 984,373 | (10,529) | 973,843 |
| Financial and insurance activities | 350,349 | 33,095 | 383,444 | (20,741) | 362,703 |
| Real estate activities | 1,900,946 | 8,714 | 1,909,660 | (49,205) | 1,860,456 |
| Professional, scientific and technical activities | 2,495,093 | 37,814 | 2,532,907 | (89,155) | 2,443,751 |
| Administrative and support service activities | 4,475,662 | 150,651 | 4,626,313 | (266,966) | 4,359,347 |
| Public administration and defence, compulsory social security | 90,281 | 206 | 90,487 | (382) | 90,105 |
| Education | 846,561 | 12,967 | 859,527 | (13,947) | 845,580 |
| Human health services and social work activities | 1,630,386 | 19,944 | 1,650,330 | (34,734) | 1,615,596 |
| Arts, entertainment and recreation | 1,479,135 | 108,898 | 1,588,033 | (102,174) | 1,485,859 |
| Other services | 8,807,253 | 107,237 | 8,914,490 | (328,971) | 8,585,518 |
| Individuals | 1,744,700,292 | 28,630,124 | 1,773,330,416 | (63,797,330) | 1,709,533,087 |
| Mortgage Loans | 677,806,146 | 22,170 | 677,828,317 | (854,535) | 676,973,782 |
| Consumer Loans | 1,066,894,146 | 28,607,954 | 1,095,502,100 | (62,942,795) | 1,032,559,305 |
| | 1,831,382,596 | 30,551,649 | 1,861,934,245 | (67,247,581) | 1,794,686,664 |

The total credit portfolio, split by stage according to IFRS 9, is analysed as follows:

| | 31.12.2022 | 30.06.2023 |
|----------------|----------------------|----------------------|
| Stage 1 | 1,660,385,770 | 1,654,901,108 |
| Gross amount | 1,667,898,411 | 1,659,817,383 |
| Impairment | (7,512,642) | (4,916,275) |
| Stage 2 | 82,154,887 | 101,992,681 |
| Gross amount | 89,109,896 | 109,981,938 |
| Impairment | (6,955,009) | (7,989,257) |
| Stage 3 | 35,024,355 | 37,792,875 |
| Gross amount | 75,292,871 | 92,134,924 |
| Impairment | (40,268,516) | (54,342,049) |
| | 1,777,565,012 | 1,794,686,664 |

The caption credit to banking clients includes the effect of traditional securitisation transactions, carried out through securitisation vehicles, consolidated pursuant to IFRS 10.

The caption credit to banking clients includes the following amounts related to finance leases contracts:

| | 31.12.2022 | 30.06.2023 |
|-----------------------------------|------------------|------------------|
| Amount of future minimum payments | 3,548,810 | 2,859,094 |
| Interest not yet due | (450,493) | (477,694) |
| Present value | 3,098,317 | 2,381,400 |

The amount of future minimum payments of lease contracts, by maturity terms, is analysed as follows:

| | 31.12.2022 | 30.06.2023 |
|--|------------------|------------------|
| Due within 1 year | 1,580,023 | 2,054,820 |
| Due between 1 to 5 years | 1,632,323 | 492,948 |
| Over 5 years | 336,463 | 311,326 |
| Amount of future minimum payments | 3,548,810 | 2,859,094 |

The analysis of financial leases contracts, by type of client, is presented as follows:

| | 31.12.2022 | 30.06.2023 |
|--------------------|------------------|------------------|
| Individuals | 403,140 | 304,736 |
| Home | 83,393 | 79,081 |
| Others | 319,747 | 225,655 |
| Companies | 2,695,176 | 2,076,664 |
| Equipment | 178,712 | 169,800 |
| Real Estate | 2,516,465 | 1,906,865 |
| | 3,098,317 | 2,381,400 |

Fair Value

The “Credit to banking clients” fair value, on 31 December 2022, amounted to 1,775,576 thousand euros (a negative difference of 1,989 thousand euros in relation to its book value).

The “Credit to banking clients” fair value, on 30 June 2023, amounted to 1,778,214 thousand euros (a negative difference of 16,473 thousand euros in relation to its book value).

Impairment losses

During year ended on 31 December 2022 and the six-months period ended 30 June 2023, the movement under the Accumulated impairment losses caption (Note 13) was as follows:

| 31.12.2022 | | | | | | | |
|---------------------------|-------------------|-------------------|---------------------|--------------------|--------------------|-------------------|-------------------|
| | Opening balance | Increases | Reversals | Utilisations | Transfers | Other adjustments | Closing balance |
| Non-current assets | | | | | | | |
| Credit to banking clients | 15,601,705 | 17,177,617 | (7,208,624) | (569,135) | (3,063,025) | 136,426 | 22,074,965 |
| | 15,601,705 | 17,177,617 | (7,208,624) | (569,135) | (3,063,025) | 136,426 | 22,074,965 |
| Current assets | | | | | | | |
| Credit to banking clients | 15,488,685 | 25,415,289 | (10,665,581) | (842,068) | 3,063,025 | 201,852 | 32,661,202 |
| | 15,488,685 | 25,415,289 | (10,665,581) | (842,068) | 3,063,025 | 201,852 | 32,661,202 |
| | 31,090,390 | 42,592,906 | (17,874,205) | (1,411,203) | — | 338,278 | 54,736,167 |
| 30.06.2023 | | | | | | | |
| | Opening balance | Increases | Reversals | Utilisations | Transfers | Other adjustments | Closing balance |
| Non-current assets | | | | | | | |
| Credit to banking clients | 22,074,965 | 9,395,434 | (5,155,425) | (18,131) | (3,339,253) | 60,668 | 23,018,259 |
| | 22,074,965 | 9,395,434 | (5,155,425) | (18,131) | (3,339,253) | 60,668 | 23,018,259 |
| Current assets | | | | | | | |
| Credit to banking clients | 32,661,202 | 18,053,220 | (9,906,091) | (34,838) | 3,339,253 | 116,576 | 44,229,322 |
| | 32,661,202 | 18,053,220 | (9,906,091) | (34,838) | 3,339,253 | 116,576 | 44,229,322 |
| | 54,736,167 | 27,448,655 | (15,061,516) | (52,969) | — | 177,245 | 67,247,581 |

The impairment losses of Credit to banking clients (net of reversals) for the period ended 30 June 2023 amounted to 12,387,139 Euros (10,702,272 Euros as at 30 June 2022) was booked in the caption "Impairment of other financial banking assets."

The movements in impairment losses by stages, in the year ended on 31 December 2022 and the six-months period ended 30 June 2023, they are detailed as follows:

| | 31.12.2022 | | | |
|--|-------------------|------------------|-------------------|-------------------|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Opening balance | 6,473,619 | 4,602,577 | 20,014,195 | 31,090,391 |
| Change in period: | | | | |
| Increases due to origination and acquisition | 2,038,514 | 1,487,610 | 2,647,941 | 6,174,065 |
| Changes due to change in credit risk | (2,048,547) | 2,295,799 | 19,878,455 | 20,125,706 |
| Decrease due to derecognition repayments and disposals | (642,399) | (236,262) | (702,409) | (1,581,070) |
| Write-offs | (291) | — | (1,410,913) | (1,411,203) |
| Transfers to: | | | | |
| Stage 1 | 2,334,939 | (1,211,886) | (1,123,053) | — |
| Stage 2 | (457,083) | 1,877,211 | (1,420,128) | — |
| Stage 3 | (197,724) | (1,808,474) | 2,006,199 | — |
| Foreign exchange and other | 11,616 | (51,566) | 378,228 | 338,278 |
| Impairment | 7,512,642 | 6,955,009 | 40,268,516 | 54,736,167 |
| <i>Of which: POCI</i> | — | — | 926,910 | 926,910 |

| | 30.06.2023 | | | |
|--|-------------------|------------------|-------------------|-------------------|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Opening balance | 7,512,642 | 6,955,009 | 40,268,516 | 54,736,167 |
| Change in period: | | | | |
| Increases due to origination and acquisition | 625,490 | 272,178 | 118,202 | 1,015,870 |
| Changes due to change in credit risk | (3,780,656) | 1,996,201 | 14,516,564 | 12,732,110 |
| Decrease due to derecognition repayments and disposals | (401,017) | (154,364) | (805,460) | (1,360,841) |
| Write-offs | — | — | (52,969) | (52,969) |
| Transfers to: | | | | |
| Stage 1 | 1,780,629 | (1,182,519) | (598,111) | — |
| Stage 2 | (719,050) | 2,388,995 | (1,669,945) | — |
| Stage 3 | (108,456) | (2,295,253) | 2,403,709 | — |
| Foreign exchange and other | 6,691 | 9,010 | 161,543 | 177,245 |
| Impairment | 4,916,275 | 7,989,257 | 54,342,049 | 67,247,581 |
| <i>Of which: POCI</i> | — | — | 898,107 | 898,107 |

The reconciliation of accounting movements related to impairment losses is presented below:

| | 31.12.2022 | | | |
|--|------------------|------------------|-------------------|-------------------|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Opening balance | 6,473,619 | 4,602,577 | 20,014,195 | 31,090,391 |
| Change in period: | | | | |
| ECL income statement change for the period | (652,433) | 3,547,147 | 21,823,987 | 24,718,701 |
| Stage transfers (net) | 1,680,131 | (1,143,149) | (536,982) | — |
| Write-offs | (291) | — | (1,410,913) | (1,411,203) |
| Foreign exchange and other | 11,616 | (51,566) | 378,228 | 338,278 |
| Impairment | 7,512,642 | 6,955,009 | 40,268,516 | 54,736,167 |

| | 30.06.2023 | | | |
|--|------------------|------------------|-------------------|-------------------|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| Opening balance | 7,512,642 | 6,955,009 | 40,268,516 | 54,736,167 |
| Change in period: | | | | |
| ECL income statement change for the period | (3,556,182) | 2,114,015 | 13,829,306 | 12,387,139 |
| Stage transfers (net) | 953,123 | (1,088,776) | 135,653 | — |
| Write-offs | — | — | (52,969) | (52,969) |
| Foreign exchange and other | 6,691 | 9,010 | 161,543 | 177,245 |
| Impairment | 4,916,275 | 7,989,257 | 54,342,049 | 67,247,581 |

Sensitivity Analysis

Given the high uncertainty of macroeconomic projections and considering that deviations from the presented scenarios may have an impact on the value of estimated expected losses, sensitivity analyses were carried out on the distribution of the portfolio by stage and the respective impact on impairment.

The Group considers that the parameters assumed to be more sensitive or susceptible to changes in the economic cycle are the Probability of Default (PD – Probability of Default) for most portfolios and the Loss Given Default (LGD – Loss Given Default) for the case of the credit card.

In this context, a sensitivity analysis was carried out to determine what would be the impairment of the global portfolio if those parameters suffered a relative deterioration of 10%, conclude that the increase in impairment would be 2,696 thousand euros, corresponding to about 4%.

11. Prepayments

As at 31 December 2022 and 30 June 2023, the Prepayments included in current assets and current and non-current liabilities showed the following composition:

| | 31.12.2022 | 30.06.2023 |
|-----------------------------|------------------|-------------------|
| Deferred Assets | | |
| Current | | |
| Rents payable | 861,806 | 544,175 |
| Meal allowances | 1,360,349 | 1,336,682 |
| Other | 6,789,720 | 9,007,215 |
| | 9,011,875 | 10,888,071 |
| Deferred Liabilities | | |
| Non-current | | |
| Investment subsidy | 260,886 | 255,286 |
| | 260,886 | 255,286 |
| Current | | |
| Investment subsidy | 11,201 | 11,201 |
| Contractual liabilities | 1,165,324 | 1,833,853 |
| Other | 2,501,616 | 9,271,950 |
| | 3,678,140 | 11,117,004 |
| | 3,939,027 | 11,372,290 |

The change in the caption “Other deferred assets” essentially results from the renewal of software license contracts and insurance contracts.

The variation in the caption “Other current deferred liabilities” is mainly explained by the deferral of income for the subsequent period related to the commission earned on placing public debt.

The caption “Contractual liabilities” results from the application of IFRS 15 - Revenue from Contracts with Customers and stands for the amount already invoiced, but not yet recognised as revenue because the performance obligations have not yet been met as recommended by the standard.

The “Contractual liabilities” essentially refer to amounts related to stamps and prepaid postage of priority mail in the amount of 827,796 Euros (877,484 Euros on 31 December 2022), whose revenue is expected to be recognised in July 2023 (estimate of 80% of the item's value) and the remaining during 2023, and to objects invoiced and not delivered on 30 June 2023 in the express segment, in the amount of 1,006,057 Euros (287,840 Euros as at 31 December 2022), whose revenue is recognised upon delivery in the following month.

The revenue recognised in the period, included in the balance of Contractual liabilities at the beginning of the period amounted to 1 165 324 Euros.

No “Assets resulting from contracts” associated with the application of IFRS 15 - Revenue from contracts with customers were recognised.

12. Cash and cash equivalents

As at 31 December 2022 and 30 June 2023, cash and cash equivalents correspond to the amount of cash, sight deposits, term deposits and cash investments on the monetary market, net of bank overdrafts and equivalent short-term bank financing, and is detailed as follows:

| | 31.12.2022 | 30.06.2023 |
|--|--------------------|--------------------|
| Cash | 71,794,674 | 65,430,795 |
| Sight deposits | 160,127,945 | 72,387,331 |
| Demand deposits at Central Banks | 38,636,396 | 23,545,440 |
| Deposits in other credit institutions | 59,140,984 | 43,517,955 |
| Term deposits | 126,769,299 | 131,418,575 |
| Cash and cash equivalents (Statement of Financial position) | 456,469,298 | 336,300,096 |
| Sight deposits at Bank of Portugal | (23,185,900) | — |
| Outstanding checks / Checks clearing | (22,492,340) | (6,935,146) |
| Impairment of slight and term deposits | 7,917 | 19,380 |
| Cash and cash equivalents (Cash flow statement) | 410,798,975 | 329,384,329 |

The caption “Sight deposits at Bank of Portugal” includes mandatory deposits in order to meet the legal requirements to maintain a minimum cash reserve in accordance with the provisions of Regulation (EU) No. 1358/2011 of European Central Bank of 14 December 2011, which states that the minimum cash requirements kept as demand deposits at Bank of Portugal amounts to 1% of the average amount of deposits and other liabilities, over each reserve maintenance period. As at 30 June 2023, the daily average of the minimum mandatory availability for the period in force was 23,046,100 Euros.

Therefore, the item Demand deposits at Bank of Portugal includes, as at 30 June 2023, a total amount of demand deposits of 23,545,440 Euros (31 December 2022: 38,636,396 Euros).

As of the reserve counting period that began on 30 October 2019, the ECB introduced the tiering regime, which exempted part of the excess reserves deposited by credit institutions with the central bank from the negative remuneration then associated with the deposit facility rate. This tiering regime ceased to apply on 27 July 2022, following the European Central Bank Governing Council's decision to increase the deposit facility rate to a non-negative amount.

Within the scope of the tiering system, all credit institutions subject to the minimum reserve system have an excess reserve limit which is effectively remunerated at a rate of 0%. This limit is based on a multiple applied to the amount of the minimum reserves to be met, adopted by decision of the ECB Governing Council, and subject to change by it.

The tiering system came into effect with a multiple of six. At its meeting on 8 September 2022, the Governing Council decided to suspend this system, setting the multiplier to zero.

The caption “Outstanding checks/ Checks clearing” represents checks drawn by third parties on other credit institutions, which are in collection.

Impairment

In the year ended on 31 December 2022 and the six-months period ended 30 June 2023, the movement recorded under the caption “Impairment of sight and term deposits” (Note 13) related to the Group is detail as follows:

| 31.12.2022 | | | | | |
|-------------------------|------------------------|------------------|------------------|---------------------|------------------------|
| Group | Opening balance | Increases | Reversals | Utilisations | Closing balance |
| Sight and term deposits | 24,913 | 1,715 | (18,711) | — | 7,917 |
| | 24,913 | 1,715 | (18,711) | — | 7,917 |

| 30.06.2023 | | | | | |
|-------------------------|------------------------|------------------|------------------|---------------------|------------------------|
| Group | Opening balance | Increases | Reversals | Utilisations | Closing balance |
| Sight and term deposits | 7,917 | 14,963 | (3,501) | — | 19,380 |
| | 7,917 | 14,963 | (3,501) | — | 19,380 |

The Impairment losses (increases net of reversals) for the period ended 30 June 2023 in the amount of 11,462 Euros ((20,052) Euros as at 30 June 2022) were recorded under the caption “Impairment of accounts receivable (losses/reversals)”.

13. Accumulated impairment losses

During the year ended on 31 December 2022 and the six-months period ended 30 June 2023, the following movements occurred in the impairment losses:

| 31.12.2022 | | | | | | | |
|--|-------------------|-------------------|---------------------|--------------------|--------------------|-----------------|--------------------|
| Group | Opening balance | Increases | Reversals | Utilisations | Transfers | Other movements | Closing balance |
| Non-current assets | | | | | | | |
| Tangible fixed assets | 19,460 | 3,636,002 | (3,335) | — | — | — | 3,652,127 |
| Investment properties | 392,936 | — | (139,754) | — | — | — | 253,182 |
| Intangible assets | 60,617 | — | — | (60,617) | — | — | — |
| | 473,013 | 3,636,002 | (143,089) | (60,617) | — | — | 3,905,309 |
| Debt securities at fair value through other comprehensive income | 2,572 | — | (2,572) | — | — | — | — |
| Debt securities at amortised cost | 111,953 | 39,065 | (28,784) | — | (307) | — | 121,927 |
| Other non-current assets | 2,749,010 | — | — | — | 157,837 | — | 2,906,847 |
| Credit to banking clients | 15,601,705 | 17,177,617 | (7,208,624) | (569,135) | (3,063,025) | 136,426 | 22,074,965 |
| Other banking financial assets | 1,709 | 140 | (508) | — | (1,067) | — | 274 |
| | 18,466,949 | 17,216,822 | (7,240,487) | (569,135) | (2,906,562) | 136,426 | 25,104,013 |
| | 18,939,963 | 20,852,823 | (7,383,576) | (629,752) | (2,906,562) | 136,426 | 29,009,322 |
| Current assets | | | | | | | |
| Accounts receivable | 39,883,599 | 3,835,005 | (1,641,407) | (669,845) | — | 1,695 | 41,409,047 |
| Credit to banking clients | 15,488,685 | 25,415,289 | (10,665,581) | (842,068) | 3,063,025 | 201,852 | 32,661,202 |
| Debt securities at fair value through other comprehensive income | 623 | — | (623) | — | — | — | — |
| Debt securities at amortised cost | 8,551 | 3,100 | (2,284) | — | 307 | — | 9,674 |
| Other current assets | 10,325,865 | 1,796,674 | (303,789) | (113,117) | (157,837) | — | 11,547,796 |
| Other banking financial assets | 1,802,503 | 52,995 | (7,129) | (42,097) | 1,067 | — | 1,807,339 |
| Slight and term deposits | 24,913 | 1,715 | (18,711) | — | — | — | 7,917 |
| | 67,534,741 | 31,104,778 | (12,639,523) | (1,667,127) | 2,906,562 | 203,547 | 87,442,978 |
| Non-current assets held for sale | 164,441 | 8,236 | (172,038) | — | — | — | 638 |
| | 164,441 | 8,236 | (172,038) | — | — | — | 638 |
| Merchandise | 3,131,405 | — | (211,906) | (172,098) | — | — | 2,747,401 |
| Raw, subsidiary and consumable | 867,668 | 68,233 | (13,587) | — | — | — | 922,313 |
| | 3,999,073 | 68,233 | (225,494) | (172,098) | — | — | 3,669,714 |
| | 71,698,254 | 31,181,246 | (13,037,055) | (1,839,225) | 2,906,562 | 203,547 | 91,113,329 |
| | 90,638,215 | 52,034,070 | (20,420,631) | (2,468,977) | — | 339,973 | 120,122,649 |

| Group | 30.06.2023 | | | | | | Closing balance |
|-----------------------------------|--------------------|-------------------|---------------------|------------------|--------------------|-----------------|--------------------|
| | Opening balance | Increases | Reversals | Utilisations | Transfers | Other movements | |
| Non-current assets | | | | | | | |
| Tangible fixed assets | 3,652,127 | 5,176,860 | (3,116,818) | — | — | — | 5,712,169 |
| Investment properties | 253,182 | — | — | — | — | — | 253,182 |
| | 3,905,309 | 5,176,860 | (3,116,818) | — | — | — | 5,965,350 |
| Debt securities at amortised cost | 121,927 | 368 | (45,463) | — | 3,155 | — | 79,987 |
| Other non-current assets | 2,906,847 | 6,458 | — | — | (46,835) | — | 2,866,469 |
| Credit to banking clients | 22,074,965 | 9,395,434 | (5,155,425) | (18,131) | (3,339,253) | 60,668 | 23,018,259 |
| Other banking financial assets | 274 | — | — | — | (274) | — | — |
| | 25,104,013 | 9,402,260 | (5,200,889) | (18,131) | (3,383,208) | 60,668 | 25,964,715 |
| | 29,009,322 | 14,579,120 | (8,317,707) | (18,131) | (3,383,208) | 60,668 | 31,930,065 |
| Current assets | | | | | | | |
| Accounts receivable | 41,409,047 | 2,183,167 | (303,490) | (427,163) | — | (777) | 42,860,783 |
| Credit to banking clients | 32,661,202 | 18,053,220 | (9,906,091) | (34,838) | 3,339,253 | 116,576 | 44,229,322 |
| Debt securities at amortised cost | 9,674 | 19 | (2,370) | — | (3,155) | — | 4,169 |
| Other current assets | 11,547,796 | 624,974 | (118,555) | (84,112) | 46,835 | — | 12,016,939 |
| Other banking financial assets | 1,807,339 | 12,782 | (1,875) | — | 274 | — | 1,818,521 |
| Slight and term deposits | 7,917 | 14,963 | (3,501) | — | — | — | 19,380 |
| | 87,442,978 | 20,889,125 | (10,335,881) | (546,113) | 3,383,208 | 115,799 | 100,949,116 |
| Non-current assets held for sale | 638 | — | — | — | — | — | 638 |
| | 638 | — | — | — | — | — | 638 |
| Merchandise | 2,747,401 | — | (193,726) | (75,256) | — | — | 2,478,419 |
| Raw, subsidiary and consumable | 922,313 | 41,997 | — | — | — | — | 964,310 |
| | 3,669,714 | 41,997 | (193,726) | (75,256) | — | — | 3,442,729 |
| | 91,113,329 | 20,931,121 | (10,529,606) | (621,369) | 3,383,208 | 115,799 | 104,392,482 |
| | 120,122,649 | 35,510,242 | (18,847,313) | (639,500) | — | 176,467 | 136,322,545 |

As at 31 December 2022, the increase in impairment on “Credit to banking clients” essentially concerns the increase in credit exposure by 259 million euros.

The amounts classified as “Other movements”, with reference to 31 December 2022 and 30 June 2023, refer essentially to the movements resulting from adjustments to POCI credits (Purchase or Originated Credit Impaired) regarding the acquisition of 321 Crédito on 1 May 2019, according to IFRS 3 - Business Combinations.

14. Equity

On 16 March 2022, the implementation of a share buyback programme was approved, with the sole purpose of reducing the Company's share capital, through the extinction of the acquired shares. The implementation of this programme is explained in detail in note 15.

Subsequently, on 7 November 2022, the Company's share capital reduction in the amount of 2,325,000 euros, through the cancellation of 4,650,000 shares representing 3.1% of the share capital, was registered in the Commercial Register Office. Thus, on 31 December 2022, the Company's share capital was composed of 145,350,000 shares with the nominal value of 0.50 Euros each. The share capital was fully underwritten and paid-up.

Subsequently, at the Annual General Meeting held on 20 April 2023 and also within the scope of the share buyback program mentioned above, the share capital reduction of 717,500 Euros was approved. On 21 April 2023, the capital reduction of the aforementioned amount was registered in the Commercial Register, through the extinction of 1,435,000 shares representing 0.997% of the share capital of CTT acquired.

Thus, on 30 June 2023, CTT's share capital was 71,957,500 Euros, represented by 143,915,000 shares with a nominal value of fifty cents per share, and the Company's Articles of Association were consequently amended. The capital was fully subscribed and paid up.

As at 31 December 2022 and 30 June 2023 the Company's shareholders with qualifying holdings shareholdings, according to the information reported, are as follows:

31.12.2022

| Shareholders | | Number of Shares | % Share Capital | Nominal Value |
|--|--------------|--------------------|------------------|-------------------|
| Global Portfolio Investments, S.L. ⁽¹⁾ | | 21,787,696 | 14.990 % | 10,893,848 |
| Indumenta Pueri, S.L. ⁽¹⁾ | Total | 21,787,696 | 14.990 % | 10,893,848 |
| Manuel Champalimaud, SGPS, S.A. ⁽²⁾ | | 19,261,815 | 13.252 % | 9,630,908 |
| Manuel Carlos de Melo Champalimaud | | 500,185 | 0.344 % | 250,093 |
| Manuel Carlos de Melo Champalimaud ⁽²⁾ | Total | 19,762,000 | 13.596 % | 9,881,000 |
| GreenWood Builders Fund I, LP ⁽³⁾ | | 10,025,000 | 6.897 % | 5,012,500 |
| GreenWood Investors LLC ⁽³⁾ | Total | 10,025,000 | 6.897 % | 5,012,500 |
| Green Frog Investments Inc | Total | 7,730,000 | 5.318 % | 3,865,000 |
| Norges Bank | Total | 3,105,287 | 2.136 % | 1,552,644 |
| Bestinver Gestión S.A. SGIIC ⁽⁴⁾ | Total | 3,024,366 | 2.081 % | 1,512,183 |
| CTT, S.A. (own shares) ⁽⁵⁾ | Total | 2,935,000 | 2.019 % | 1,467,500 |
| Other shareholders | Total | 76,980,651 | 52.962 % | 38,490,326 |
| TOTAL | | 145,350,000 | 100.000 % | 72,675,000 |

⁽¹⁾ Global Portfolio Investments, S.L. is controlled by Indumenta Pueri, S.L..

⁽²⁾ Includes 19,246,815 shares directly held by Manuel Champalimaud, SGPS, S.A. and 15,000 shares held by Duarte Palma Leal Champalimaud, Vice-Chair of its Board of Directors and Non-executive Director of CTT. Qualified shareholding directly and indirectly attributable to Manuel Carlos de Melo Champalimaud.

⁽³⁾ GreenWood Investors, LLC, of which Steven Wood, Non-Executive member of the Board of Directors of CTT, is a Managing Member, exercises the voting rights not in its own name but on behalf of the fund GreenWood Builders Fund I, LP as its management company. The full chain of controlled undertakings through which the voting rights are held includes GreenWood Investors, LLC and GreenWood Performance Investors, LLC.

⁽⁴⁾ Bestinver Gestión S.A. SGIIC is a Spanish fund management company. As such, it exercises the voting rights attached to the shares property of the investment institutions it manages and represents. Additionally, Bestinver Gestión, S.A. SGIIC has been granted a power of attorney to exercise the voting rights attached to the shares under the property of the pension funds managed by Bestinver Pensiones EGFP, S.A..

⁽⁵⁾ Shares held by CTT following the share capital reduction in the amount of 2,325,000 Euros through the cancellation of 4,650,000 shares held by the Company, representing 3.1% of its share capital. The share capital reduction was registered before the Commercial Registry Office on 7 November 2022 and announced to the market on 8 November 2022 (see press releases available on CTT website, at https://www.ctt.pt/grupo-ctt/investidores/comunicados/index?language_id=1).

30.06.2023

| Shareholders | | Number of Shares | % Share Capital | Nominal Value |
|--|--------------|--------------------|------------------|-------------------|
| Global Portfolio Investments, S.L. ⁽¹⁾ | | 21,580,000 | 14.995 % | 10,790,000 |
| Indumenta Pueri, S.L. ⁽¹⁾ | Total | 21,580,000 | 14.995 % | 10,790,000 |
| Manuel Champalimaud, SGPS, S.A. ⁽²⁾ | | 19,261,815 | 13.384 % | 9,630,908 |
| Manuel Carlos de Melo Champalimaud | | 500,185 | 0.348 % | 250,093 |
| Manuel Carlos de Melo Champalimaud ⁽²⁾ | Total | 19,762,000 | 13.732 % | 9,881,000 |
| GreenWood Builders Fund I, LP ⁽³⁾ | | 9,762,000 | 6.783 % | 4,881,000 |
| GreenWood Investors LLC ⁽³⁾ | Total | 9,777,400 | 6.794 % | 4,888,700 |
| Green Frog Investments Inc | Total | 7,730,000 | 5.371 % | 3,865,000 |
| CTT, S.A. (own shares) | Total | 1,465,606 | 1.018 % | 732,803 |
| Other shareholders | Total | 83,599,994 | 58.090 % | 41,799,997 |
| TOTAL | | 143,915,000 | 100.000 % | 71,957,500 |

- (1) Global Portfolio Investments, S.L. is controlled by Indumenta Pueri, S.L..
- (2) Includes 19,246,815 shares directly held by Manuel Champalimaud, SGPS, S.A. and 15,000 shares held by Duarte Palma Leal Champalimaud, Vice-Chair of its Board of Directors and Non-executive Director of CTT. Qualified shareholding directly and indirectly attributable to Manuel Carlos de Melo Champalimaud.
- (3) GreenWood Investors LLC, of which Steven Wood, Non-Executive member of the Board of Directors of CTT, is a Managing Member, exercises the voting rights not in its own name but on behalf of the fund GreenWood Builders Fund I, LP as its management company. The full chain of controlled undertakings through which the voting rights are held includes GreenWood Investors, LLC and GreenWood Performance Investors, LLC. GreenWood Investors LLC's shareholding includes 15,400 shares directly held by Steven Wood.

Note: Pursuant to Article 16(1) of the Portuguese Securities Code as amended, which establishes a shareholding of 5% as the minimum threshold for the duty to communicate qualified holdings, CTT will now only disclose the qualified holdings above that threshold.

15. Own shares, Reserves, Other changes in equity and Retained earnings

Own shares

As at 31 December 2022, the following movements were made in the caption "Own Shares":

| | Quantity | Amount | Average Price |
|---|------------------|-------------------|---------------|
| Balance 31 December 2021 | 1,500,001 | 6,404,963 | 4.27 |
| Acquisitions | 6,084,999 | 21,573,976 | 3.55 |
| Cancellation (due to share capital reduction) | (4,650,000) | (17,152,548) | 3.69 |
| Balance 31 December 2022 | 2,935,000 | 10,826,390 | 3.69 |

During the six-months period ended 30 June 2023, the following movements were made in the caption "Own Shares":

| | Quantity | Amount | Average Price |
|--|------------------|------------------|---------------|
| Balance 31 December 2022 | 2,935,000 | 10,826,390 | 3.69 |
| Acquisitions | 87,474 | 302,984 | 3.46 |
| Cancellation (due to share capital reduction) | (1,435,000) | (5,293,313) | 3.69 |
| Shares Delivery - Long-term variable remuneration ("LTVR") | (121,868) | (449,537) | 3.69 |
| Balance 30 June 2023 | 1,465,606 | 5,386,525 | 3.68 |

At the meeting of the Company's Board of Directors held on 16 March 2022, and as communicated to the market on the same date, it was unanimously decided to approve the implementation of a Buy-back programme for the Company's own shares, including the related terms and conditions, with the sole purpose of reducing the related share capital through the cancellation of shares acquired under the aforementioned programme, subject to prior approval by the General Meeting.

Thus, at the General Meeting held on 21 April 2022, the share capital reduction of up to 2,325,000 Euros was approved, with the purpose of releasing the excess of share capital, through the extinction of up to 4,650,000 shares representing up to 3.1% of the share capital already acquired or that were to be

acquired within the scope of a share buyback programme. The maximum monetary amount of the approved Buyback Programme was 18,000,000 Euros.

Subsequently, on 27 July 2022, and still within the scope of the authorisation granted at the Annual General Meeting of Shareholders held on 21 April 2022, the Company's Board of Directors deliberated to increase the maximum pecuniary amount and number of shares that could be acquired under the share buyback programme of the Company, as follows:

- Maximum pecuniary amount of the Buy-back Programme: it is increased by 3,600,000 Euros, now being up to 21,600,000 Euros;
- Maximum number of shares to be acquired under the Buy-back Programme: it is increased by 1,900,000 shares, being now up to 6,550,000 CTT's shares, representing up to 4.37% of the respective share capital.

The other terms and conditions of the Buy-back Programme approved by the Board of Directors and the Annual General Meeting held in 2022 and communicated on 16 March 2022 remained unchanged.

The Buyback Programme started on 17 March 2022 and would last until 18 December 2022 unless, however, the maximum number of shares to be acquired or the maximum pecuniary amount of the Buyback Programme were reached, which happened to 8 September 2022, thus ending before the end of its maximum duration period.

Considering the resolution of the General Meeting of 21 April 2022 which authorised the reduction of the share capital, and the acquisition of own shares having been fulfilled for this purpose, the commercial register was registered, on 7 November 2022, reduction of the **Company's** share capital in the amount of 2,325,000 euros, through the extinction of 4,650,000 own shares, as explained in note 14.

Considering that the Company's Annual General Meeting held in 2022 only approved the extinction of up to 4,650,000 own shares corresponding to 3.1% of the share capital, the General Meeting held on 20 April 2023 approved the capital reduction for cancellation of the remaining 1,434,999 shares acquired under the buy-back programme referred to above. On 21 April 2023, the capital reduction of the aforementioned amount was registered in the Commercial Register, through the extinction of 1,435,000 shares representing 0.997% of the share capital of CTT acquired.

Also on 21 April 2023, 121,868 of own shares were delivered to the Board of Directors and Top Management of CTT, corresponding to the first tranche of the Long-Term variable remuneration, as explained in detail in note 24 - Staff Costs.

At the Company's Board of Directors meeting held on 21 June 2023, and as communicated to the market on the same date, it was decided to approve the implementation of a new buy-back programme of the Company's own shares, in the global amount of up to 20,000,000 euros.

This programme, to be implemented over the following 12 months (beginning on 26 June 2023 and ending on 25 June 2024, without prejudice to ending on an earlier date if the maximum number of shares to be acquired or the pecuniary amount is reached), has the following purposes:

1. Repurchasing a maximum of up to 7,650,000 shares, representing a maximum nominal amount of 3,825,000 Euros, which corresponds to 5.3% of the share capital, and
2. Reducing the same amount of the share capital through cancellation of the acquired shares.

The program will be carried out in the context of the authorisation for the acquisition of own shares conferred by the General Meeting. The reduction of capital through the extinction of the own shares acquired under the program will be subject to approval by the next General Meeting of CTT.

As at 31 December 2022, the Company held, as a result of the acquisition and cancellation operations indicated herein, an accumulated amount of 2,935,000 own shares, representing 2.02% of the share capital, including 1,500,001 of own shares previously acquired, with par value of 0.50 Euros, with all inherent rights related to suspended shares, with the exception of those relating to the receipt of new shares in the case of capital increase by incorporation of reserves, as provided for in article 324(1)(a)) of the Commercial Companies Code.

As at 30 June 2023, the Company held an accumulated amount of 1,465,606 own shares, representing 1.02% of the share capital, with par value of 0.50 Euros, with all inherent rights related to suspended shares, with the exception of those relating to the receipt of new shares in the case of capital increase by incorporation of reserves, as provided for in article 324(1)(a)) of the Commercial Companies Code.

Own shares held by CTT are within the limits established by the Articles of Association of the Company and by the Portuguese Companies Code. These shares are recorded at acquisition cost.

Reserves

As at 31 December 2022 and 30 June 2023, the caption “Reserves” showed the following composition

| | 31.12.2022 | | | | |
|------------------------|-------------------|---------------------|---------------------|-------------------|-------------------|
| | Legal reserves | Own shares reserves | Fair Value reserves | Other reserves | Total |
| Opening balance | 15,000,000 | 6,404,963 | 26,746 | 45,646,642 | 67,078,351 |
| Share Capital decrease | — | (17,152,548) | — | 2,325,000 | (14,827,548) |
| Own shares acquisition | — | 21,573,976 | — | (21,573,976) | — |
| Assets fair value | — | — | (26,746) | — | (26,746) |
| Share Plan | — | — | — | 1,620,000 | 1,620,000 |
| Closing balance | 15,000,000 | 10,826,390 | — | 28,017,666 | 53,844,057 |

| | 30.06.2023 | | | | |
|-----------------------------|-------------------|---------------------|---------------------|-------------------|-------------------|
| | Legal reserves | Own shares reserves | Fair Value reserves | Other reserves | Total |
| Opening balance | 15,000,000 | 10,826,390 | — | 28,017,666 | 53,844,056 |
| Share Capital decrease | — | (5,293,313) | — | 717,500 | (4,575,813) |
| Own shares acquisition | — | 302,984 | — | (302,984) | — |
| Own shares attribution | — | (449,537) | — | 449,537 | — |
| Share Plan (share delivery) | — | — | — | (1,155,000) | (1,155,000) |
| Closing balance | 15,000,000 | 5,386,525 | — | 27,726,719 | 48,113,244 |

Legal reserves

The commercial legislation establishes that at least 5% of the annual net profit must be allocated to reinforce the legal reserve, until it represents at least 20% of the share capital. This reserve is not distributable except in the event of the liquidation of the Company but may be used to absorb losses after all the other reserves have been depleted or incorporated in the share capital.

Own shares reserve

The commercial legislation Code obliges, within the scope of the own shares regime provided in article 324, the existence of a reserve equal to the amount for which the shares are accounted for, which becomes unavailable as long as these shares remain in the company's possession. Additionally,

applicable accounting standards determine that gains or losses on the sale of own shares are booked in reserves.

As at 30 June 2023, this caption includes the amount of 5,386,525 Euros related to the creation of an unavailable reserve for the same amount of the acquisition price of the own shares held.

Other reserves

This caption records the profits transferred to reserves that are not imposed by the law or articles of association, nor constituted pursuant to contracts signed by the Company.

On 30 June 2023, an amount of reserves of (1,155,000) Euros was derecognised, corresponding to the proportional amount of the options awarded during the period within the scope of the long-term variable remuneration, as described in note 24 - Staff Costs.

Retained earnings

During the year ended on 31 December 2022 and the six-months period ended 30 June 2023, the following movements were made in caption "Retained earnings":

| | 31.12.2022 | 30.06.2023 |
|---|-------------------|-------------------|
| Opening balance | 43,904,074 | 64,647,067 |
| Application of the net profit of the prior year | 38,404,113 | 36,406,519 |
| Distribution of dividends (note 16) | (17,656,441) | (17,817,109) |
| Adjustments from the application of the equity method | (4,678) | (6,747) |
| Closing balance | 64,647,067 | 83,229,730 |

Other changes in equity

The actuarial gains/losses associated to post-employment benefits, as well as the corresponding deferred taxes, are recognised in this caption.

During the year ended on 31 December 2022 and the six-months period ended 30 June 2023, the movements occurred in this caption were as follows:

| | 31.12.2022 | 30.06.2023 |
|---------------------------------------|-------------------|-------------------|
| Opening balance | (43,998,612) | 6,857,207 |
| Actuarial gains/losses | 70,558,124 | — |
| Tax effect (Note 26) | (19,702,304) | — |
| Share Plan (share delivery) (Note 24) | — | 705,463 |
| Closing balance | 6,857,207 | 7,562,670 |

As at 30 June 2023, the amount of 705,463 Euros related to the Share Plan, corresponds to the difference between the amount of 1,155,000 Euros derecognised from the caption "Reserves", corresponding to the proportional value of the options attributed (note 15) and the value of own shares delivered within the scope of this operation in the amount of 449,537 Euros. The difference between the two amounts was recognised under the caption "Other changes in equity", under the terms of the IFRS.

16. Dividends

According to the dividend distribution proposal included in the 2021 Annual Report, at the General Meeting of Shareholders, which was held on 21 April 2022, a dividend distribution of 17,820,000 Euros, corresponding to a dividend per share of 0.12 Euros (amount that excludes the dividend attributable to own shares in the portfolio at that date), regarding the financial year ended 31 December 2021 was proposed and approved. The dividend amount assigned to own shares was transferred to Retained earnings, amounting to 343,559 Euros.

According to the dividend distribution proposal included in the 2022 Annual Report, at the General Meeting of Shareholders, which was held on 20 April 2023, a dividend distribution of 17,817,109 Euros, corresponding to a dividend per share of 0.125 Euros (amount that excludes the dividend attributable to own shares in the portfolio at that date), regarding the financial year ended 31 December 2022 was proposed and approved. The dividend amount assigned to own shares was transferred to Retained earnings, amounting to 172,267 Euros.

17. Earnings per share

During the six-months periods ended 30 June 2022 and 30 June 2023, the earnings per share were calculated as follows:

| Group | 30.06.2022 | 30.06.2023 |
|-----------------------------------|-------------|-------------|
| Net income for the period | 14,549,183 | 26,048,833 |
| Average number of ordinary shares | 148,627,657 | 142,461,465 |
| Earnings per share | | |
| Basic | 0.10 | 0.18 |
| Diluted | 0.10 | 0.18 |

The average number of shares is detailed as follows:

| | 30.06.2022 | 30.06.2023 |
|---|--------------------|--------------------|
| Shares issued at beginning of the period | 150,000,000 | 145,350,000 |
| Effect of shares' extinction during the period | | (562,901) |
| Average number of shares realised | 150,000,000 | 144,787,099 |
| Own shares effect | 1,372,343 | 2,325,635 |
| Average number of shares during the period | 148,627,657 | 142,461,465 |

The basic earnings per share are calculated dividing the net profit attributable to equity holders of the parent company by the average ordinary shares, excluding the average number of own shares held by the Group.

As at 30 June 2023, the number of own shares held is 1,465,606 and its average number for the period ended 30 June 2023 is 2,325,635, reflecting the fact that there were not only acquisitions, but also the extinction of own shares in that period, as mentioned in note 15.

There are no dilutive factors of earnings per share.

18. Debt

As at 31 December 2022 and 30 June 2023, the Debt caption showed the following composition:

| | 31.12.2022 | 30.06.2023 |
|--------------------------------|--------------------|--------------------|
| Non-current liabilities | | |
| Bank loans | 40,706,101 | 40,654,047 |
| Commercial Paper | — | 34,931,328 |
| Lease liabilities | 95,491,822 | 88,956,702 |
| | 136,197,923 | 164,542,076 |
| Current liabilities | | |
| Bank loans | 29,372,066 | 22,366,126 |
| Commercial Paper | — | 888 |
| Lease liabilities | 30,384,677 | 28,065,003 |
| | 59,756,744 | 50,432,018 |
| | 195,954,667 | 214,974,094 |

As at 30 June 2023, the interest rates applied to bank loans were between 4.900% and 5.775% (31 December 2022: 3.693% and 4.568%).

Bank loans and Commercial Paper

As at 31 December 2022 and 30 June 2023, the details of the bank loans were as follows:

| | 31.12.2022 | | | 30.06.2023 | | |
|-------------------------|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|
| | Limit | Amount used | | Limit | Amount used | |
| | | Current | Non-current | | Current | Non-current |
| Bank loans | | | | | | |
| Millennium BCP | 12,350,926 | 8,106,120 | 778,704 | 12,189,815 | 8,137,127 | 617,593 |
| BBVA / Bankinter | 33,250,000 | 14,136,880 | 18,944,129 | 33,250,000 | 7,067,183 | 26,049,621 |
| Novo Banco | 28,000,000 | 7,129,066 | 20,983,268 | 21,000,000 | 7,161,816 | 13,986,833 |
| Commercial paper | | | | | | |
| BBVA / Bankinter | — | — | — | 15,000,000 | (202) | 14,968,471 |
| Novo Banco | — | — | — | 20,000,000 | 1,090 | 19,962,857 |
| | 73,600,926 | 29,372,066 | 40,706,101 | 101,439,815 | 22,367,015 | 75,585,375 |

On 27 September 2017, a loan contract between CTT and BBVA and Bankinter was signed, for an initial period of 5 years and for a total amount of 90 million Euros, with the possibility of using the funds until September 2018. As no amount was used until the mentioned date, the contract was renegotiated on 27 September 2018, having the total amount been altered to 75 million Euros, while maintaining the one-year term for the use of the funds. Subsequently, due to the non-use of all the funds, the limit was reduced again to 33.250 million euros. As at 30 June 2023, the referred used amount, net of commissions and added by the amount of interests to be paid in the following period corresponded to 33,116,804 Euros. By the Group decision, the remaining available amount will not be used.

On 22 April 2019, a simple credit agreement was signed between CTT and Novo Banco for a period of 60 months, with a grace period of two years, and may be extended for a period of 24 months, for a total amount of 35 million Euros. In subsequent periods, the limit was reduced due to non-use of all funds. As at 30 June 2023, the amount presented in the statement of financial position net of commissions and added by the amount of interests to be paid in the following period, in the total amount of 21,148,649 Euros.

As disclosed to the market on 7 March 2023, CTT contracted 35 million euros in bank loans in the form of commercial paper, indexed to sustainability goals, maturing in 2026, with two financial institutions - Novo Banco, S.A. and Banco Bilbao Vizcaya Argentaria S.A. - Portuguese Branch.

These bank loans are set within CTT's Sustainability Related Financing Reference Framework that was the subject of a Second Party Opinion disclosed by S&P Global Ratings. Therefore, the referred financing lines are indexed to the goal of reducing carbon emissions of CTT's activity (scopes 1, 2 and 3 emissions) by at least 30% by 2025 in relation to 2013, which is validated by the Science Based Targets initiative and aligned with the best practices of the sector.

As at 30 June 2023, the amount used presented in the statement of financial position, net of commissions and plus the amount of interest to be paid in the following period, amounts to 14,968,269 Euros in the case of BBVA/Bankinter and 19,963,947 Euros in Novo Banco. These commercial paper programmes are shown in non-current liabilities, since the Group's practice/expectation will be to use the contracts during their period of validity and having the right to roll-over these loans.

Bank loans obtained are subject to compliance with financial covenants, namely clauses of Cross default, Negative Pledge and Assets Disposal's limits. Additionally, the loans obtained also require compliance with ratios of Net Debt over EBITDA and financial autonomy. Compliance with financial covenants is regularly monitored by the Group and is measured by counterparties on an annual basis based on the Financial Statements as at 31 December. As at 31 December 2022, the Group is in compliance with financial covenants.

Lease Liabilities

The Group presents lease liabilities which future payments, undiscounted and discounted amounts presented in the financial position, are detailed as follows:

| | 31.12.2022 | 30.06.2023 |
|--|--------------------|--------------------|
| Due within 1 year | 33,738,178 | 30,940,310 |
| Due between 1 to 5 years | 64,061,159 | 60,096,282 |
| Over 5 years | 41,692,362 | 39,046,762 |
| Total undiscounted lease liabilities | 139,491,699 | 130,083,354 |
| Current | 30,384,677 | 28,065,003 |
| Non-current | 95,491,822 | 88,956,702 |
| Lease liabilities included in the statement of financial position | 125,876,499 | 117,021,705 |

The amounts recognised in the income statement are detailed as follows:

| | 30.06.2022 | 30.06.2023 |
|--|-------------------|-------------------|
| Lease Liabilities interests (note 25) | 1,563,999 | 1,723,543 |
| Variable payments not included in the measurement of the lease liability | 1,026,154 | 639,382 |

The amounts recognised in the Cash flow statement are as follows:

| | 30.06.2022 | 30.06.2023 |
|-------------------------|-------------------|-------------------|
| Total of lease payments | (16,597,114) | (18,821,618) |

The movement in the rights of use underlying these lease liabilities can be analysed in note 4.

Reconciliation of Changes in the responsibilities of Financing activities

The reconciliation of changes in the responsibilities of financing activities as at 31 December 2022 and 30 June 2023, is detailed as follows:

| | 31.12.2022 | 30.06.2023 |
|---------------------------|--------------------|--------------------|
| Opening Balance | 201,119,450 | 195,954,666 |
| Movements without cash | 44,304,863 | 11,313,827 |
| <i>Contract changes</i> | 40,529,793 | 8,341,302 |
| <i>IFRS 16 Interests</i> | 3,124,941 | 1,653,156 |
| <i>Others</i> | 650,130 | 1,319,369 |
| Loans: | | |
| Inflow | 51,533 | 34,821,352 |
| Outflow | (15,812,839) | (8,294,134) |
| Lease liabilities: | | |
| Outflow | (33,708,342) | (18,821,618) |
| Closing balance | 195,954,666 | 214,974,094 |

The amounts of payments and receivables from loans obtained in the period related to the commercial paper and cash-pooling programs are reported on a net basis, in accordance with paragraph 22 of IAS 7 - Statement of Cash Flows.

19. Provisions, Guarantees provided, Contingent liabilities and commitments

Provisions

For the year ended on 31 December 2022 and the six-months period ended 30 June 2023 in order to face legal proceedings and other liabilities arising from past events the Group recognised provisions, which showed the following movement:

| Group | 31.12.2022 | | | | | | Closing balance |
|--|-------------------|------------------|--------------------|------------------|--------------------|------------------|-------------------|
| | Opening balance | Increases | Reversals | Utilisations | Transfers | Regularisations | |
| Non-current provisions | | | | | | | |
| Litigations | 2,834,799 | 1,516,656 | (1,304,899) | (114,458) | 213,598 | — | 3,145,696 |
| Restructuring | — | 453,598 | — | (293,450) | — | — | 160,148 |
| Other provisions | 7,314,082 | 3,894,875 | (4,819,453) | (155,924) | (213,598) | — | 6,019,982 |
| Commitment provisions | 314,163 | 39,865 | (229,571) | — | — | — | 124,457 |
| Sub-total - caption "Provisions (increases)/ reversals" | 10,463,043 | 5,904,994 | (6,353,923) | (563,832) | — | — | 9,450,283 |
| Investments in subsidiaries and associated companies | — | 168,972 | — | — | — | — | 168,972 |
| Restructuring | 1,455,737 | 145,993 | (50,000) | — | (1,250,000) | (102,344) | 199,386 |
| Other provisions | 2,760,741 | 158,488 | — | (105,603) | — | — | 2,813,626 |
| | 14,679,520 | 6,378,447 | (6,403,923) | (669,435) | (1,250,000) | (102,344) | 12,632,267 |

| Group | 30.6.2023 | | | | | Closing balance |
|---|-------------------|----------------|------------------|------------------|-----------|-------------------|
| | Opening balance | Increases | Reversals | Utilisations | Transfers | |
| Non-current provisions | | | | | | |
| Litigations | 3,145,696 | 351,102 | (448,460) | (100,322) | — | 2,948,017 |
| Onerous contracts | — | — | (75,162) | (84,986) | — | — |
| Other provisions | 6,019,978 | 476,985 | (39,425) | (276,305) | — | 6,181,233 |
| Commitment provisions | 124,456 | 32,018 | (24,171) | — | — | 132,303 |
| Sub-total - caption "Provisions (increases)/reversals" | 9,450,279 | 860,105 | (587,219) | (461,613) | — | 9,261,553 |
| Investments in subsidiaries and associated companies | 168,972 | 6,480 | — | (175,452) | — | — |
| Restructuring | 199,385 | — | — | — | — | 199,385 |
| Other provisions | 2,813,629 | 5,260 | — | — | — | 2,818,889 |
| | 12,632,265 | 871,845 | (587,219) | (637,065) | — | 12,279,828 |

The net amount between increases and reversals of provisions was recorded in the consolidated income statement under the caption Provisions, net and amounted to 1,087,346 Euros as at 30 June 2022 and 272,886 Euros as at 30 June 2023.

A provision should only be used for expenditures for which the provision was originally recognised, so the Group reverse the provision when it is no longer probable that an outflow of resources that incorporate future economic benefits will be necessary to settle the obligation.

Litigations

The provisions for litigations were set up to face the liabilities resulting from lawsuits brought against the Group and are estimated based on information from their lawyers as well as on the termination of the mentioned lawsuits. The final amount and the timing of the outflows regarding the provision for litigations depend on the outcome of the respective proceedings.

The reversal of the provision for litigations, in the amount of (1,304,899) Euros as at 31 December 2022 and (448,460) Euros as at 30 June 2023, essentially results from lawsuits whose decision, which was made known in the course of 2022 or 2023, respectively, proved to be favourable to the Group, or, not being favourable, resulted in the condemnation to pay amounts that proved to be lower than the estimated amounts (and reflected in this provision caption).

Other provisions

As at 31 December 2022, the amount of 3,780,356 Euros provisioned in previous years to cover possible contingencies related to labour litigation actions not included in the current court proceedings, related to remuneration differences that could be claimed by workers, was fully reversed, as it is understood that the probability of outflows associated with these contingencies is currently remote.

As at 30 June 2023, a provision is recognised in CTT Expresso branch in Spain to face the notification issued by the Spanish National Commission on Markets and Competition. This process was originated during the year 2016, based on the alleged contrary action to article 1 of the Law 15/2017 ("Law on Competition Defense") and article 101° of the Treaty on the Functioning of the European Union ("TFUE"). This notification amounted to 3,148,845 Euros and, in previous years, has already been subject of an appeal to the Spanish Audiencia Nacional (National High Court). Regarding this matter, CTT Expresso branch in Spain submitted a formal request to the coercive measure suspension, and the request was accepted under the condition of a guarantee presentation – a procedure that was duly and timely adopted. During 2022, the Spanish Audiencia Nacional dismissed the appeal and ratified the fine of 3,148,845 Euros plus final and unappealable costs. Regarding this subject, the provision booked in previous years, which amounted to 1,400,000 Euros, was increased by 1,800,000 Euros, amounting at 31 December 2022, the amount of 3,200,000 Euros and results from the evaluation carried out by the

Group's legal advisors. As at 30 June 2023, no relevant developments had occurred, with the provision remaining in the amount of 3,200,000 Euros.

The amount provisioned in 321 Crédito, S.A. amounting to 895,581 Euros as at 30 June 2023 (907,030 Euros at 31 December 2022) mainly results from the management assessment regarding the possibility of materialising tax contingencies and other processes.

As at 30 June 2023, in addition to the previously mentioned situations, this caption also includes:

- the amount of 269,827 Euros to cover costs of dismantlement of tangible fixed assets and/or removal of facilities and restoration of the site;
- the amount of 664,872 Euros, which results from the assessment carried out by management regarding the possibility of materialising contingent amounts to be paid to third parties under the scope of contracts entered into;
- the amount of 309,007 Euros regarding the liability, recognised in the company CTT Expresso, with a labour legal proceeding;
- the amount of 2,030,926 Euros to cover costs of operational vehicles restoration;
- the amount of commitments for guarantees provided to third parties to cover promotional contests in the amount of 590,060 Euros.

Commitments provisions

Commitments provisions refer to provisions for indirect credit, amounting to 132,303 Euros in the period ended 30 June 2023 (31 December 2022: 124,457 Euros).

Restructuring

In June 2021, CTT approved an HR optimisation programme that included the launch of a Voluntary Leave Programme based on the conclusion of Suspension or Pre-Retirement Agreements. As at 31 December 2022, regarding the new agreements performed during 2022, an amount of 1,250,000 Euros was transferred to the caption employee benefits in the statement of financial position. As at 30 June 2023, there were no changes to the mentioned caption.

Guarantees provided

As at 31 December 2022 and 30 June 2023, the Group has provided bank guarantees to third parties as follows:

| | 31.12.2022 | 30.06.2023 |
|---|-------------------|-------------------|
| Autoridade Tributária e Aduaneira (Portuguese Tax and Customs Authority) | 4,389,246 | 4,339,246 |
| Contencioso Administrativo da Audiência Nacional (National Audience Administrative Litigation) and CNMC - Comissão Nacional de los Mercados y la Competencia - Espanha (National Commission on Markets and Competition - Spain) | 3,148,845 | 3,148,845 |
| PLANINOVA - Soc. Imobiliária, S.A. (Real estate company) | 2,033,582 | 2,033,582 |
| LandSearch, Compra e Venda de Imóveis (Real estate company) | 1,792,886 | 1,792,886 |
| Fidelidade, Multicare, Cares - (Glintt BPO) | 1,022,834 | 1,500,000 |
| MARATHON (Closed investment fund) | 810,435 | 810,435 |
| AMBIMOBILIÁRIA- INVESTIMENTOS E NEGÓCIOS, S.A. (Real estate company) | 480,000 | 480,000 |
| Courts | 339,230 | 339,230 |
| EUROGOLD (Real estate company) | 318,299 | 318,299 |
| CIVILRIA (Real estate company) | 224,305 | 224,305 |
| TRANSPORTES BERNARDO MARQUES , S.A. | 220,320 | 220,320 |
| TIP - Transportes Intermodais do Porto, ACE (Oporto intermodal transport) | 150,000 | 150,000 |
| Via Direta | 150,000 | 150,000 |
| Municipalities | 118,658 | 118,658 |
| EPAL - Empresa Portuguesa de Águas Livres (Multi-municipal System of Water Supply and Sanitation of the Lisbon Area) | 68,895 | 68,895 |
| INCM - Imprensa Nacional da Casa da Moeda (Portuguese Mint and Official Printing Office) | 68,386 | 68,386 |
| ANA - Aeroportos de Portugal (Airports of Portugal) | 34,000 | 34,000 |
| GNB Companhia de seguros vida SA (Insurance company) | 25,000 | — |
| Águas do Norte (Water Supply of the Northern Region) | 23,804 | 23,804 |
| Instituto de Gestão Financeira Segurança Social (Social Security Financial Management Institute) | 21,557 | 21,557 |
| EMEL, S.A. (Municipal company managing parking in Lisbon) | 19,384 | 19,384 |
| Serviços Intermunicipalizados Loures e Odivelas (Inter-municipal Services of Water Supply and Sanitation of the Loures and Odivelas Areas) | 17,000 | 17,000 |
| Direção Geral do Tesouro e Finanças (Directorate General of Treasury and Finance) | 16,867 | 16,867 |
| Alegro Alfragide | — | 16,837 |
| Portugal Telecom, S.A. (Telecommunication Company) | 16,658 | 16,658 |
| Refer (Public service for the management of the national railway network infrastructure) | 16,460 | 16,460 |
| Other entities | 16,144 | 16,144 |
| SMAS de Sintra (Services of Water Supply and Sanitation of the city of Sintra) | 15,889 | 15,889 |
| Repsol (Oil and Gas Company) | 15,000 | 15,000 |
| DOLCE VITA TEJO (Real State Company) | 13,832 | 13,832 |
| Águas do Porto, E.M (Services of Water Supply and Sanitation of the city of Porto) | 10,720 | 10,720 |
| ADRA - Águas da Região de Aveiro (Services of Water Supply and Sanitation of the city of Aveiro) | 10,475 | 10,475 |
| SMAS Torres Vedras (Services of Water Supply and Sanitation of the city of Torres Vedras) | 9,910 | 9,910 |
| ACT Autoridade Condições Trabalho (Authority for Working Conditions) | 9,160 | 9,160 |
| Consejería Salud (Local Health Service/Spain) | 4,116 | 4,116 |
| Instituto do Emprego e Formação Profissional (Employment and Professional Training Institute) | 3,719 | — |
| | 15,635,616 | 16,050,900 |

Bank guarantees

As at 30 June 2023, the bank guarantees provided in favour of “Autoridade Tributária e Aduaneira” (Portuguese Tax and Customs Authority), in a global amount of 4,339,246 Euros, were essentially provided for the suspension of tax enforcement proceedings.

Guarantees for lease Contracts

According to the terms of some lease contracts of the buildings occupied by the Company’s services, the Portuguese State ceased to hold the majority of the share capital of CTT, bank guarantees on first demand had to be provided. These guarantees amount to 3,826,468 Euros as at 31 December 2022 and 30 June 2023.

CTT provided a bank guaranty, on behalf of CTT Expresso branch in Spain, to the Sixth Section of the National Audience Administrative Litigation and to the Spanish National Commission on Markets and Competition (“Comisión Nacional de los Mercados y la Competencia”) in the amount of 3,148,845 Euros, regarding the legal proceedings of CTT Expresso branch in Spain with the National Audience in Spain.

Commitments

As at 31 December 2022 and 30 June 2023, the Group subscribed promissory notes amounting to approximately 44.4 thousand Euros and 43.7 thousand Euros, respectively, intended to secure complete and timely compliance with a loan contract.

The Group engaged guarantee insurances in the total amount of 5,635,241 Euros(31 December 2022: 5,444,387 Euros), with the purpose of guaranteeing the fulfilment of contractual obligations assumed by third parties. In addition, the Group also assumed commitments relating to real estate rents under lease contracts and rents for other leases.

The Group contractual commitments related to Tangible fixed assets and Intangible assets are detailed respectively in Notes 4 and 5.

20. Accounts payable

As at 31 December 2022 and 30 June 2023, the caption “Accounts payable” showed the following composition:

| | 31.12.2022 | 30.06.2023 |
|--|--------------------|--------------------|
| Current | | |
| Advances from customers | 2,175,341 | 2,093,948 |
| CNP money orders | — | 105,728,003 |
| Suppliers | 97,417,126 | 96,454,303 |
| Invoices pending confirmation | 12,194,096 | 11,363,706 |
| Fixed assets suppliers | 4,900,077 | 2,495,675 |
| Invoices pending confirmation (fixed assets) | 6,495,524 | 2,415,554 |
| Values collected on behalf of third parties | 10,069,404 | 13,964,183 |
| Postal financial services | 360,890,497 | 102,878,798 |
| Deposits | 676,504 | 690,986 |
| Charges | 14,844,784 | 14,770,216 |
| Compensations | 1,105,808 | 941,153 |
| Postal operators - amounts to be settled | 680,423 | 556,844 |
| Amounts to be settled to third parties | 1,659,136 | 348,988 |
| Amounts to be settled in stores | 3,012,730 | 3,960,679 |
| Other accounts payable | 9,090,299 | 5,928,240 |
| | 525,211,751 | 364,591,276 |

CNP money orders

The value of CNP money orders refers to the money orders received from the National Pensions Center (CNP), whose payment date to the corresponding pensioners will occur in the month after the closing of the period. The absence of a balance verified on 31 December 2022 is related to the fact that the IGFSS advance for the settlement of CNP money orders only occurred in the first days of January 2023.

Postal financial services

This heading records mainly the amounts collected related to taxes, insurance, savings certificates and other money orders, whose settlement date should occur in the month following the end of the period. The decrease in this caption is explained mainly by a higher balance at the end of 2022, due to a significant flow in the subscription of savings certificates by consumers, driven by the increase in Euribor rates, and the consequent impact on the profitability of this product of investment.

21. Debt Securities issued at amortised cost

This caption showed the following composition:

| | 31.12.2022 | 30.06.2023 |
|--------------------------------|--------------------|--------------------|
| Non current liabilities | | |
| Debt securities issued | 445,226,206 | 407,951,021 |
| | 445,226,206 | 407,951,021 |
| Current liabilities | | |
| Debt securities issued | 351,654 | 425,779 |
| | 351,654 | 425,779 |
| | 445,577,860 | 408,376,800 |

As at 31 December 2022 and 30 June 2023, the Debt securities issued are analysed as follows:

| 31.12.2022 | | | | | |
|--------------------------------|----------------|----------------|----------------------|--------------------|--------------------|
| Issue | Issue date | Maturity date | Remuneration | Nominal value | Book value |
| Ulisses Finance No.1 – Class B | July 2017 | March 2033 | Euribor 1M + 160 bps | 4,233,007 | 4,237,732 |
| Ulisses Finance No.1 – Class C | July 2017 | March 2033 | Euribor 1M + 375 bps | 7,100,000 | 7,113,012 |
| Ulisses Finance No.2 – Class A | September 2021 | September 2038 | Euribor 1M + 70 bps | 189,826,075 | 191,350,779 |
| Ulisses Finance No.2 – Class B | September 2021 | September 2038 | Euribor 1M + 80 bps | 9,318,904 | 9,315,433 |
| Ulisses Finance No.2 – Class C | September 2021 | September 2038 | Euribor 1M + 135 bps | 18,637,808 | 18,633,429 |
| Ulisses Finance No.2 – Class D | September 2021 | September 2038 | Euribor 1M + 285 bps | 10,530,362 | 10,531,837 |
| Ulisses Finance No.2 – Class E | September 2021 | September 2038 | Euribor 1M + 368 bps | 3,447,995 | 3,449,193 |
| Ulisses Finance No.2 – Class F | September 2021 | September 2038 | Euribor 1M + 549 bps | 1,211,458 | 1,212,427 |
| Ulisses Finance No.2 – Class G | September 2021 | September 2038 | Euribor 1M + 500 bps | 375,000 | 375,254 |
| Ulisses Finance No.3 - Class A | June 2022 | June 2039 | Euribor 1M + 90 bps | 168,000,000 | 167,808,294 |
| Ulisses Finance No.3 - Class B | June 2022 | June 2039 | Euribor 1M + 200 bps | 8,000,000 | 7,828,704 |
| Ulisses Finance No.3 - Class C | June 2022 | June 2039 | Euribor 1M + 370 bps | 12,000,000 | 11,741,334 |
| Ulisses Finance No.3 - Class D | June 2022 | June 2039 | Euribor 1M + 525 bps | 6,000,000 | 5,665,908 |
| Ulisses Finance No.3 - Class E | June 2022 | June 2039 | Euribor 1M + 650 bps | 5,000,000 | 4,758,885 |
| Ulisses Finance No.3 - Class F | June 2022 | June 2039 | Euribor 1M + 850 bps | 1,000,000 | 965,514 |
| Ulisses Finance No.3 - Class G | June 2022 | June 2039 | Euribor 1M + 785 bps | 600,000 | 590,125 |
| | | | | 445,280,609 | 445,577,860 |

| 30.06.2023 | | | | | |
|--------------------------------|----------------|----------------|----------------------|--------------------|--------------------|
| Issue | Issue date | Maturity date | Remuneration | Nominal value | Book value |
| Ulisses Finance No.1 – Class C | July 2017 | July 2033 | Euribor 1M + 375 bps | 6,830,177 | 6,845,005 |
| Ulisses Finance No.2 – Class A | September 2021 | September 2038 | Euribor 1M + 70 bps | 163,920,369 | 165,201,745 |
| Ulisses Finance No.2 – Class B | September 2021 | September 2038 | Euribor 1M + 80 bps | 8,047,146 | 8,046,822 |
| Ulisses Finance No.2 – Class C | September 2021 | September 2038 | Euribor 1M + 135 bps | 16,094,292 | 16,095,611 |
| Ulisses Finance No.2 – Class D | September 2021 | September 2038 | Euribor 1M + 285 bps | 9,093,275 | 9,097,051 |
| Ulisses Finance No.2 – Class E | September 2021 | September 2038 | Euribor 1M + 368 bps | 2,977,444 | 2,979,230 |
| Ulisses Finance No.2 – Class F | September 2021 | September 2038 | Euribor 1M + 549 bps | 1,046,129 | 1,047,177 |
| Ulisses Finance No.3 - Class A | June 2022 | June 2039 | Euribor 1M + 90 bps | 168,000,000 | 167,901,117 |
| Ulisses Finance No.3 - Class B | June 2022 | June 2039 | Euribor 1M + 200 bps | 8,000,000 | 7,864,213 |
| Ulisses Finance No.3 - Class C | June 2022 | June 2039 | Euribor 1M + 370 bps | 12,000,000 | 11,795,331 |
| Ulisses Finance No.3 - Class D | June 2022 | June 2039 | Euribor 1M + 525 bps | 6,000,000 | 5,732,125 |
| Ulisses Finance No.3 - Class E | June 2022 | June 2039 | Euribor 1M + 650 bps | 5,000,000 | 4,807,080 |
| Ulisses Finance No.3 - Class F | June 2022 | June 2039 | Euribor 1M + 850 bps | 1,000,000 | 964,292 |
| Ulisses Finance No.3 - Class G | June 2022 | June 2039 | Euribor 1M + 785 bps | — | — |
| | | | | 408,008,833 | 408,376,800 |

During the year ended on 31 December 2022 and the six-months period ended 30 June 2023, the movement of this item is as follows:

| 31.12.2022 | | | | | |
|----------------------|--------------------|--------------------|---------------------|-----------------|--------------------|
| | Opening balance | Issues | Repayments | Other movements | Closing balance |
| Ulisses Finance No.1 | 24,532,237 | — | (13,188,001) | 6,508 | 11,350,744 |
| Ulisses Finance No.2 | 253,263,517 | — | (17,927,399) | (467,765) | 234,868,353 |
| Ulisses Finance No.3 | — | 201,500,000 | (2,699,000) | 557,764 | 199,358,764 |
| | 277,795,753 | 201,500,000 | (33,814,400) | 96,507 | 445,577,860 |

| 30.06.2023 | | | | | |
|----------------------|------------------------|---------------|---------------------|------------------------|------------------------|
| | Opening balance | Issues | Repayments | Other movements | Closing balance |
| Ulisses Finance No.1 | 11,350,743 | — | (4,502,831) | (2,908) | 6,845,005 |
| Ulisses Finance No.2 | 234,868,352 | — | (32,168,944) | (231,772) | 202,467,635 |
| Ulisses Finance No.3 | 199,358,764 | — | (600,000) | 305,395 | 199,064,159 |
| | 445,577,860 | — | (37,271,775) | 70,715 | 408,376,800 |

In 31 December 2022, the movements booked in “Issues” is related to the issuance of a new credit securitisation operation called Ulisses Finance n° 3, carried out through 321 Crédito.

The scheduling by maturity regarding this caption is as follows:

| 31.12.2022 | | | | | | | |
|-------------------|----------------------------|---|----------------|--|---------------------|--------------------|--------------------|
| | Current | | | Non-current | | | Total |
| | Due within 3 months | Over 3 months and less than 1 year | Total | Over 1 year and less than 3 years | Over 3 years | Total | |
| Securitisations | 351,654 | — | 351,654 | — | 445,226,206 | 445,226,206 | 445,577,860 |
| | 351,654 | — | 351,654 | — | 445,226,206 | 445,226,206 | 445,577,860 |

| 30.06.2023 | | | | | | | |
|-------------------|----------------------------|---|----------------|--|---------------------|--------------------|--------------------|
| | Current | | | Non-current | | | Total |
| | Due within 3 months | Over 3 months and less than 1 year | Total | Over 1 year and less than 3 years | Over 3 years | Total | |
| Securitisations | 425,779 | — | 425,779 | — | 407,951,021 | 407,951,021 | 408,376,800 |
| | 425,779 | — | 425,779 | — | 407,951,021 | 407,951,021 | 408,376,800 |

Asset securitisation

Ulisses Finance Nr.1

This securitisation operation was originated in July 2017 and issued by Sagres - Sociedade de Titularização de Créditos, S.A. and corresponds to a public credit securitisation programme (Ulisses) with the Ulisses Finance No.1 operation being placed on the market. The operation was set up with the collaboration of the banks Citibank and Deutsche Bank, and included a Consumer Credit portfolio created by 321 Crédito. The structure of the Transaction includes five Tranches from A to E. Tranches A to C are dispersed in the market and Tranches D and E have been retained. This operation obtained ratings from DBRS and Moody's for the tranches placed on the market, Tranches A, B and C.

This transaction includes an optional early repayment clause that allows the Issuer to redeem the notes of all Classes issued, when the residual value of the credits represents 10% or less of the value of the Credit Portfolio on the date of setting up the securitisation transaction.

The operation has incorporated an interest rate cap, an interest rate risk mitigation mechanism for the operation and its investors, including the Group, but which was not contracted directly by the Group, but by the issuer of the securitisation operation (Sagres – STC, S.A.).

The Group guarantees the debt service (servicer) of traditional securitisation operations, taking over the collection of assigned credits and channelling the amounts received, through the respective deposit to the credit securitisation company.

The underlying assets of Ulisses Finance No.1 operations were not derecognised from the Consolidated Statement of Financial Position as the Group substantially maintained the risks and rewards associated with their holding.

Chaves Funding Nr.8

This private securitisation operation was issued in November 2019 by Tagus, Sociedade de Titularização de Créditos, S.A., it included a Consumer Credit portfolio originated by 321 Crédito. The operation was set up with the collaboration of Sociedade de Advogados PLMJ. The operation's structure includes a Tranche A and a Tranche B in the notes issued, both of which are fully owned by the Group.

This operation includes an optional early amortisation clause that allows the Issuer to redeem the Notes of all Classes issued, when the residual value of the credits represents 10% or less of the value of the Credit Portfolio on the date of setting up the securitisation operation.

The underlying assets of Chaves Funding No.8 operation were not derecognised from the Statement of Financial Position, as the Group substantially maintained the risks and benefits associated with their holding.

Ulisses Finance No.2

This securitisation operation was created in September 2021 and issued by Tagus - Sociedade de Titularização de Créditos, S.A. and corresponds to a public credit securitisation programme (Ulisses) with the Ulisses Finance No.2 operation being placed on the market. The operation was set up with the collaboration of Sociedade de Advogados PLMJ and Banco Deutsche Bank, and included a consumer credit portfolio originated by 321 Crédito, whose initial total amount was 250,000 thousand euros, to be maintained over the 12 months of revolving period.

The structure of the transaction includes six collateralised Tranches from A to F and additionally tranches G and Z. All tranches are dispersed in the capital market, with the exception of class Z, whose initial value was 1.5 million euros.

This operation obtained ratings from DBRS and Moody's for the tranches placed on the market, that is, Tranches A to G.

The Ulisses Finance No.2 operation has the characteristics of STS (simple, transparent and standardised) and SRT (significant risk transfer).

For the purposes of calculating the capital ratio, as the Ulisses Finance No.2 operation complies with article 244.1 (b) of European Regulation 575/2013 (full capital deduct approached), the company reduced its "Risk Weight Assets" with regard to the contracts securitised within the scope of this operation.

The operation has incorporated an interest rate cap, an interest rate risk mitigation mechanism for the operation and its investors, including the Group, but which was not contracted directly by the Group, but by the issuer of the securitisation operation (Tagus – STC, S.A.).

The underlying assets of the Ulisses Finance No.2 operation were not derecognised from the Consolidated Statement of Financial Position, as the Group substantially maintained the risks and benefits associated with their holding.

Next Funding Nr.1

The Next Funding No.1 operation, issued by Tagus – STC, SA in April 2021 and in which Banco CTT is a single investor, has as its underlying asset the credit card balances originated by the Universo credit card issued by Sonae Financial Services. Additionally, Banco CTT grants the operation an overdraft facility (Liquidity Facility) with the sole purpose of acquiring receivables (credit card balances) between the interest payment dates. On each interest payment date (IPD) the balance of the Liquidity Facility will be settled by converting it into the note amount.

In the consolidated accounts, taking into account the conditions set out in IFRS 10 (Consolidated Financial Statements), the securitisation operation is consolidated, insofar as the Group substantially holds the risks and benefits associated with the underlying assets and is able to affect these same risks and benefits.

Ulisses Finance Nr. 3

This securitisation operation was created in June 2022 and issued by Tagus - Sociedade de Titularização de Créditos, S.A. and corresponds to a public credit securitisation programme (Ulisses) with the Ulisses Finance No.3 operation being placed on the market. The operation was set up with the collaboration of “Sociedade de Advogados PLMJ” and “Banco Deutsche Bank”, and included a consumer credit portfolio originated by 321 Crédito, whose initial total amount was 200,000 thousand euros, to be maintained over the 12 months of revolving period.

The structure of the Transaction includes six collateralised Tranches from A to F and additionally tranches G and Z. All tranches are dispersed in the capital market, with the exception of class Z, whose initial value was 1.8 million euros.

This operation obtained ratings from DBRS and Moody's for the tranches placed on the market, that is, Tranches A to G.

The Ulisses Finance No.3 operation has the characteristics of STS (simple, transparent and standardised) and SRT (significant risk transfer).

For the purposes of calculating the capital ratio, as the Ulisses Finance No.3 operation complies with article 244.1 (b) of European Regulation 575/2013 (full capital deduct approached), the company reduced its “Risk Weight Assets” regarding to the contracts securitised within the scope of this operation.

The operation incorporates an interest rate swap, an interest rate risk mitigation mechanism for the operation and its investors, including the Group, but which was not contracted directly by the Group, but by the issuer. of the securitisation operation (Tagus – STC, S.A.).

The underlying assets of the Ulisses Finance No.3 operation were not derecognised from the Consolidated Statement of Financial Position, as the Group substantially maintained the risks and rewards associated with their holding.

Additionally, the Group, through 321 Crédito, maintained, as at 30 June 2023, the Fénix operation as the only live unrecognised securitisation operation. The Group's involvement in this operation is limited to providing servicing services.

22. Banking clients' deposits and other loans

As at 31 December 2022 and 30 June 2023, the composition of the caption Banking clients' deposits and other loans in the **Group** is as follows:

| | 31.12.2022 | 30.06.2023 |
|------------------|----------------------|----------------------|
| Sight deposits | 1,608,322,164 | 1,430,872,015 |
| Term deposits | 184,027,482 | 567,837,592 |
| Savings deposits | 452,980,272 | 389,136,262 |
| | 2,245,329,918 | 2,387,845,869 |

The above-mentioned amounts relate to Banco CTT clients' deposits. Savings deposits are deposits associated with current accounts and which allow the client to obtain a remuneration above the slight deposits, which can be mobilised at any time, with no subscription limit, and it is possible to schedule transfers from and for this account. These deposits are different from term deposits as they have a definite date of constitution and maturity, and the savings accounts are fully mobilisable without penalty on remuneration.

For the six-months period ended 30 June 2023 the average rate of return on customer funds was 0.28% (31 December 2022: 0.02%).

As at 31 December 2022 and 30 June 2023, the residual maturity of banking client deposits and other loans, is detailed as follows:

| | 31.12.2022 | | | | | Total |
|------------------------------------|----------------------|---------------------|------------------------------------|-----------------------------------|--------------|----------------------|
| | No defined maturity | Due within 3 months | Over 3 months and less than 1 year | Over 1 year and less than 3 years | Over 3 years | |
| Sight deposits and saving accounts | 2,061,302,436 | — | — | — | — | 2,061,302,436 |
| Term deposits | — | 83,544,873 | 100,482,609 | — | — | 184,027,482 |
| | 2,061,302,436 | 83,544,873 | 100,482,609 | — | — | 2,245,329,918 |

| | 30.06.2023 | | | | | Total |
|------------------------------------|----------------------|---------------------|------------------------------------|-----------------------------------|--------------|----------------------|
| | No defined maturity | Due within 3 months | Over 3 months and less than 1 year | Over 1 year and less than 3 years | Over 3 years | |
| Sight deposits and saving accounts | 1,820,008,277 | — | — | — | — | 1,820,008,277 |
| Term deposits | — | 159,709,367 | 408,128,225 | — | — | 567,837,592 |
| | 1,820,008,277 | 159,709,367 | 408,128,225 | — | — | 2,387,845,869 |

23. Income taxes receivable /payable

As at 30 June 2023, the caption reflects the estimated income tax regarding the six-months period ended 30 June 2023.

24. Staff costs

During six-months period ended 30 June 2022 and 30 June 2023, the composition of the caption Staff Costs was as follows:

| | 30.06.2022 | 30.06.2023 |
|--|--------------------|--------------------|
| Remuneration | 139,234,378 | 153,208,390 |
| Employee benefits | 4,121,720 | 4,247,541 |
| Indemnities | 862,657 | 676,375 |
| Social Security charges | 29,769,283 | 32,598,561 |
| Occupational accident and health insurance | 1,962,123 | 1,896,609 |
| Social welfare costs | 4,066,165 | 4,110,930 |
| Other staff costs | 57,910 | 77,520 |
| | 180,074,236 | 196,815,925 |

The global increase in staff costs is essentially due to wage increases and the increase in the national minimum wage, in response to the current economic situation. Additionally, the growth in the average number of employees also contributed to this evolution, due to the growth in *contact center* activity and document management, as well as the increase in activity in Express and Parcels.

Remuneration of the statutory bodies of CTT, S.A.

During the six-months period ended 30 June 2022 and 30 June 2023, the fixed and variable remunerations attributed to the members of the statutory bodies of CTT, S.A., were:

| | 30.06.2022 | | | | Total |
|---------------------------------|--------------------|-----------------|--------------------|---------------------------------|------------------|
| | Board of Directors | Audit Committee | Remuneration Board | General Meeting of Shareholders | |
| Short-term remuneration | | | | | |
| Fixed remuneration | 1,296,590 | 79,286 | 9,900 | 14,000 | 1,399,776 |
| | 1,296,590 | 79,286 | 9,900 | 14,000 | 1,399,776 |
| Long-term remuneration | | | | | |
| Defined contribution plan RSP | 98,850 | — | — | — | 98,850 |
| Long-term variable remuneration | 724,286 | — | — | — | 724,286 |
| | 823,136 | — | — | — | 823,136 |
| | 2,119,726 | 79,286 | 9,900 | 14,000 | 2,222,912 |

| | 30.06.2023 | | | | Total |
|---------------------------------|--------------------|-----------------|--------------------|---------------------------------|------------------|
| | Board of Directors | Audit Committee | Remuneration Board | General Meeting of Shareholders | |
| Short-term remuneration | | | | | |
| Fixed remuneration | 1,254,036 | 80,976 | 9,900 | 14,000 | 1,358,912 |
| | 1,254,036 | 80,976 | 9,900 | 14,000 | 1,358,912 |
| Long-term remuneration | | | | | |
| Defined contribution plan RSP | 94,817 | — | — | — | 94,817 |
| Long-term variable remuneration | — | — | — | — | — |
| | 94,817 | — | — | — | 94,817 |
| | 1,348,853 | 80,976 | 9,900 | 14,000 | 1,453,729 |

Long-term variable remuneration ("LTVR")

The Long-term variable remuneration model for the 2020/2022 term of office was based on the participation of the executive Directors in the Options Plan, which is set out in the remuneration policy proposal approved by the Annual General Meeting of 21 April 2021 and based on the proposal of the Remuneration Committee.

Similarly, the Board of Directors put in place a Options Plan programme addressed to CTT's top management, using the same terms of the programme approved for the governing bodies members.

The Options Plan mentioned provide the following main rules applicable to the allocation and exercise of the options and the financial settlement, and delivery and retention of the shares within the LTVR:

- a. The Options Plan regulates the allocation to its participants of options which confer the right to allocate shares representing CTT's share capital, subject to certain conditions applicable to the exercise and settlement of the options;
- b. The Options Plan sets out the number of options allocated that may be exercised by the Plan's participants (the CEO, the CFO, the remaining executive Directors and the Top Manager), according to the table forward, the date of attribution corresponding to the date of the referred plan's approval at the General Meeting;
- c. The Options Plan sets five tranches of options that differ only by their different exercise price or strike price, as shown in the table below:

| Tranche | Number of options - per participant | | | Exercise Price or Strike Price |
|---------|-------------------------------------|---------|--------------------------------|--------------------------------|
| | CEO | CFO | Other executive administrators | |
| 1 | 700,000 | 400,000 | 300,000 | € 3.00 |
| 2 | 700,000 | 400,000 | 300,000 | € 5.00 |
| 3 | 700,000 | 400,000 | 300,000 | € 7.50 |
| 4 | 700,000 | 400,000 | 300,000 | € 10.00 |
| 5 | 700,000 | 400,000 | 300,000 | € 12.50 |

In the case of the Top Management, the Board of Directors approved the attribution of a global number of 1,200,000 options, subject to the conditions defined for the governing bodies.

- d. The exercise date of all the options was 1 January 2023, given the end of the 3-year term of office 2020/2022;
- e. The number of CTT shares to be awarded to the participants (via physical or financial settlement pursuant to the terms of the Options Plan), following the automatic exercise of the options on the exercise date as foreseen on the Options Plan, depends on the difference between the exercise price (strike price) and the Share Price (i.e., the average price, weighted by the trading volume, of the Company's shares traded on the Euronext Lisbon regulated market in the sessions carried out in the 45 days prior to the exercise date, i.e., on 1 January 2023) and results from the application of the following formula:

$$\text{No. of Shares} = \text{No. of Options Exercised} \times [(\text{Share Price} - \text{Exercise Price (Strike Price)}) / \text{Share Price}]$$

Thus, subject to the eligibility conditions and the retention mechanism referred below, each participant is entitled to receive the total number of CTT shares resulting from the sum of the number of shares due for each tranche, calculated according to the referred formula.

- f. The Executive Committee Options Plan provides for the financial settlement of 25% of the options (cash settlement) and the physical settlement of 75% of the options (equity settlement). The plan for CTT's Top Management provides for the physical settlement of 100% of the options;

- g. In the event that shares are granted depending on stock market performance and the Company's positive performance as defined in the plan, the options will be subject to settlement over the deferral/retention period;
- h. 50% of the LTVR is settled on the fifth trading day immediately following the date of the annual general meeting of the Company approving the accounts for the 2022 financial year to be held in 2023, subject to verification of positive performance with respect to each of the 2021 and 2022 financial years, half by way of financial settlement in cash, in the case of the Executive Committee, (i.e. 25% of the options on a pro rata basis with respect to each of its 5 tranches) and the other half (i.e. 25% of the options also on a pro rata basis with respect to each of its 5 tranches) by way of physical settlement through the delivery of CTT shares. In the case of Top Management, the 50% of the LTVR settled on this date will be settled through the physical delivery of CTT shares;
- i. The remaining 50% of the LTVR (i.e. 50% of the options equally on a pro rata basis with respect to each of its 5 tranches) are settled through the delivery of CTT shares (physical settlement), in 2 tranches of 1/2 of the shares retained, respectively: (i) on the fifth trading day immediately following the end of the month after the date of approval of the accounts relating to financial year 2023 at an annual general meeting of the Company to be held in 2024, or on 31 May 2024 (whichever date occurs later) and subject to the positive performance of the Company in each of the financial years 2021 to 2023; and (ii) on the fifth trading day immediately following the end of the month after the date of approval of the accounts for the financial year 2024 at an annual general meeting of the Company to be held in 2025, or on 31 May 2025 (whichever date occurs later) and subject to the positive performance of the Company in each of the financial years 2021 to 2024, respectively for each tranche.
- j. The exercise of the options and their settlement are also subject to the eligibility conditions, namely, remaining in office during the term of office by rule, absence of situations of material non-compliance with the Options Plan, and no situations giving rise to the application of the adjustment mechanisms);

On the grant date, the fair value of the options granted was determined through a study carried out by an independent entity on the grant date. The model used for the valuation of the stock plan was the Monte Carlo simulation model.

For the cash-settlement component, the the liability amount is updated at the end of each reporting period, depending on the number of shares or share options awarded and their fair value at the reporting date, based on a study carried out by an independent entity. The liability amount determined in the study on 31 December 2022 amounted to 179,583 Euros, which led to the reversal of an amount of 231,847 Euros in the staff costs caption in the period of 2022.

In the period ended 31 December 2022, the amount recognised in staff costs amounted to 1,388,153 Euros, of which (231,847) Euros corresponds to the cash settlement component and 1,620,000 Euros corresponds to the equity instrument settlement component (Note 15).

Taking into account the end of the three-year term of office 2020/2022, the Remuneration Committee, in accordance with the Options Plan, has determined, on 1 January 2023, the number of shares to be attributed to each participant as LTVR (which attribution and settlement being subject to the rules set out in the Options Plan, described above). This determination was made through a study carried out by an independent entity.

For this purpose, the Share Price was calculated, based on the criteria described above, with the value of 3.168647 Euros was set as the value of the share for the purposes of the final calculation of the shares to be attributed.

In accordance with the Options Plan, the Remuneration Committee determined that the Strike Prices shown in the table above should be adjusted to the distribution of dividends during 2021 and 2022, in accordance with the following formula:

Adjusted Strike Price = Previous Strike Price - shareholder remuneration per Company share x (1 - % of treasury shares of the Company)

According to the formula above, the adjusted Strike Prices corresponding to each tranche were updated in accordance with the table below:

| Tranche | Number of options - per participant | | | Exercise Price or Strike Price |
|---------|-------------------------------------|---------|--------------------------------|--------------------------------|
| | CEO | CFO | Other executive administrators | |
| 1 | 700,000 | 400,000 | 300,000 € | 2.799139 |
| 2 | 700,000 | 400,000 | 300,000 € | 4.799139 |
| 3 | 700,000 | 400,000 | 300,000 € | 7.799139 |
| 4 | 700,000 | 400,000 | 300,000 € | 9.799139 |
| 5 | 700,000 | 400,000 | 300,000 € | 12.299139 |

In accordance with the conditions of the Options Plan, and taking the Share Price of 3,168647 Euros mentioned above as a reference, only the Exercise Price (Strike Price) of the first tranche was taken into account, since the Share Price did not reach the Exercise Price (Strike Price) of the second tranche. Thus, the following formula was applied to determine the number of shares:

$$(\text{Share Price} - \text{Strike Price}) / \text{Share Price} = (3,168647 - 2,799139) / 3,168647 = 0.116614$$

Considering the above, each option was entitled to the attribution of 0.116614 shares which, multiplied by the number of options attributed to each participant, gave rise to the attribution of the following number of shares to each participant by way of LTVR:

| Participant | CEO | CFO | Other executive directors (three members) | Total |
|-------------|--------|--------|---|---------|
| Shares | 81,629 | 46,645 | 104,949 | 233,226 |

In the case of Top Management, a total of 127,103 shares to be awarded were calculated.

Providing for the Option Plan, in the case of the Board of Directors, the financial settlement of 25% of the shares attributed (cash settlement) and the physical settlement of 75% of the same (equity settlement), 50% of the shares attributed as LTVR were settled on the fifth trading day immediately after the annual general meeting of the Company that approved the accounts for the 2022 financial year, held on 10 April 2023, half through financial settlement in cash and the other half through of physical settlement through the delivery of CTT shares to participants. In the case of top management, 50% of the shares awarded were paid through physical settlement on the same date. The remaining 50% of the allocated shares are subject to the deferral and retention mechanisms explained above.

As of 30 June 2023, and considering that the plan options were exercised on 1 January 2023, there was no change in the fair value of the cash settlement component, proceeding to the payment of the amount and consequent settlement of liabilities on 20 April 2023. In the case of the physical settlement component, considering that this was fully recognised in 2021 and 2022, with reference to 30 June 2023, an amount of 1,155,000 Euros was derecognised in the caption "Reserves" in equity, corresponding to the proportional amount of the physical liquidation that occurred (note 15). This amount was derecognised against to the amount of the own shares delivered within the scope of this

operation. The difference in the amount of 705 463 Euros, was recognised under the caption “Other changes in equity” (Note 15), pursuant to the provisions of the IFRS.

Annual variable remuneration ("AVR"):

In the period ended 31 December 2021, the amount of 1,447,419 Euros was recognised as an estimated annual variable remuneration for members of the Governing Bodies. In 2022, the determination of the final amount to be settled was carried out, with 50% of the amount having already been settled, as stipulated in the Remuneration Regulation.

In the period ended 31 December 2022, the amount of 1,492,467 Euros was recognised as an estimated annual variable remuneration for members of the Governing Bodies. In 2023, the determination of the final amount to be settled was carried out, with 50% of the amount having already been settled, as stipulated in the Remuneration Regulation.

For the six-months period ended 30 June 2023, the caption Staff costs includes the amount of 470,644 Euros related to expenses with workers' representative bodies.

For six-months period ended 30 June 2023, the average number of staff of the Group was 13,007 (12,613 employees for the period ended 30 June 2022).

25. Interest expenses and Interest income

For the six-months period ended 30 June 2022 and 30 June 2023, the caption Interest Expenses had the following detail:

| | 30.06.2022 | 30.06.2023 |
|---------------------------------------|-------------------|-------------------|
| Interest expenses | | |
| Bank loans | 785,786 | 2,151,751 |
| Lease liabilities | 1,563,999 | 1,723,543 |
| Other interest | 65,478 | — |
| Interest costs from employee benefits | 1,965,856 | 3,581,717 |
| Other interest costs | 181,569 | 279,054 |
| | 4,562,688 | 7,736,065 |

The increase in interest expenses on bank loans is mainly due to the contracting of new loans (note 18) and the increase in interest rates, as a result of the current macroeconomic context. The increase in financial expenses with employee benefits is essentially due to the increase in the discount rate in the 2022 assessment.

During the six-months period ended 30 June 2022 and 30 June 2023, the caption Interest income was detailed as follows:

| | 30.06.2022 | 30.06.2023 |
|---------------------------------|-------------------|-------------------|
| Interest income | | |
| Deposits in credit institutions | 12,679 | 596,284 |
| Other supplementary income | — | 12,318 |
| | 12,679 | 608,602 |

26. Income tax for the period

Companies with head office in Portugal are subject to tax on their profit through Corporate Income Tax (“IRC”) at the normal tax rate of 21%, whilst the municipal tax is established at a maximum rate of 1.5% of taxable profit, and State surcharge is 3% of taxable profit between 1,500,000 Euros and 7,500,000 Euros, 5% of taxable profit between 7,500,000 and to 35,000,000 Euros and 9% of the taxable profit above 35,000,000 Euros. CTT – Expresso, S.A., Spain branch is subject to income taxes in Spain, through income tax (Impuesto sobre Sociedades - “IS”) at a rate of 25%, and the subsidiary CORRE is subject to corporate income tax in Mozambique (“IRPC”) at a rate of 32%.

Corporate income tax is levied on CTT and its subsidiaries CTT – Expresso, S.A., Payshop Portugal, S.A, CTT Contacto, S.A. and Banco CTT, S.A., 321 Crédito – Instituição Financeira de Crédito, S.A., CTT Soluções Empresariais, S.A., CTT IMO – Sociedade Imobiliária, S.A., NewSpring Services, S.A., MedSpring, S.A., CTT IMO Yield, S.A. and CTT Services, S.A. as a result of the option for the Special Regime for the Taxation of Groups of Companies (“RETGS”) application. The remaining companies are taxed individually. The entity CTT IMO – Sociedade Imobiliária, S.A. joined the RETGS in the previous year and the entities NewSpring Services, S.A., MedSpring, S.A., CTT IMO Yield, S.A. and CTT Services, S.A. integrated the RETGS in this financial year.

Reconciliation of the income tax rate

For the six-months period ended 30 June 2022 and 30 June 2023, the reconciliation between the nominal rate and the effective income tax rate was as follows:

| | 30.06.2022 | 30.06.2023 |
|--|-------------------|-------------------|
| Earnings before taxes (a) | 14,999,614 | 32,139,519 |
| Nominal tax rate | 21.0% | 21.0% |
| | 3,149,919 | 6,749,299 |
| Tax Benefits | (159,776) | (95,508) |
| Accounting gains/(losses) | (2,154) | (3,273) |
| Tax gains/(losses) | 1,075 | 1,637 |
| Equity method | — | — |
| Provisions not considered in the calculation of deferred taxes | 72,202 | 35,422 |
| Impairment losses and reversals | 101,502 | 88,599 |
| Compensation for insurable events | 124,363 | 36,320 |
| Depreciation and car rental charges | 12,564 | 12,782 |
| Credits uncollectible | 33,927 | 60,775 |
| Difference between current and deferred tax rates | — | 4,790 |
| Fines, interest, compensatory interest and other charges | 2,892 | 40,052 |
| Other situations, net | (387,801) | (322,770) |
| Adjustments related with - autonomous taxation | 276,647 | 268,806 |
| SIFIDE tax credit | (2,154,501) | (1,953,017) |
| Insufficiency / (Excess) estimated income tax | (76,845) | (311,487) |
| Subtotal (b) | 994,015 | 4,612,427 |
| (b)/(a) | 6.63% | 14.35% |
| Adjustments related with - Municipal Surcharge | 224,126 | 510,864 |
| Adjustments related with - State Surcharge | 281,187 | 994,259 |
| Income taxes for the period | 1,499,328 | 6,117,550 |
| Effective tax rate | 10.00% | 19.03% |
| Income taxes for the period | | |
| Current tax | 2,223,213 | 8,921,481 |
| Deferred tax | 1,507,460 | (539,426) |
| Insufficiency / (Excess) estimated income tax | (76,845) | (311,487) |
| | 1,499,328 | 6,117,550 |

For the six-months period ended on 30 June 2022, the caption "SIFIDE Tax Credit" refers to the SIFIDE tax credit for the year 2021 (1,528,260 Euros), and the remainder is related to Banco CTT for the years 2020 and 2021.

For the six-months period ended on 30 June 2023, the caption "SIFIDE Tax Credit" refers to the remaining amount of SIFIDE's tax credit relating to the years 2020 and 2021 (1,618,016 Euros), the amount of which received up to 30 June 2023 amounted to 905,100 Euros, as well as an amount of 335,001 Euros regarding the estimated amount of Banco CTT's SIFIDE for the year 2022. The remainder of the amount relating to SIFIDE for 2020 and 2021 was received after 30 June 2023.

Deferred taxes

As at 31 December 2022 and 30 June 2023, the balance related to deferred tax assets and liabilities was composed as follows:

| | 31.12.2022 | 30.06.2023 |
|--|-------------------|-------------------|
| Deferred tax assets | | |
| Employee benefits - healthcare | 53,302,302 | 52,917,012 |
| Employee benefits - pension plan | 51,604 | 49,439 |
| Employee benefits - other long-term benefits | 5,090,460 | 5,432,870 |
| Impairment losses and provisions | 2,400,419 | 2,404,351 |
| Tax losses carried forward | 2,765,595 | 2,963,853 |
| Impairment losses in tangible fixed assets | 1,594,826 | 2,218,826 |
| Long-term variable remuneration (Board of directors) | 1,049,729 | 816,443 |
| Land and buildings | 332,610 | 332,610 |
| Tangible assets' tax revaluation regime | 962,147 | 801,789 |
| Other | 273,917 | 286,031 |
| | 67,823,608 | 68,223,224 |
| Deferred tax liabilities | | |
| Revaluation of tangible fixed assets before IFRS | 1,519,019 | 1,436,419 |
| Suspended gains | 631,893 | 618,818 |
| PPA Movements - NewSpring Services | 387,300 | 336,782 |
| Fair Value Adjustments | 7,108,430 | 7,090,305 |
| Other | 200,835 | 185,685 |
| | 9,847,476 | 9,668,009 |

The deferred tax asset related to Tangible assets tax revaluation regime was recognised following the Companies' accession to the regime established in Decree-Law no. 66/2016, of 3 November. In the year ended 30 June 2023 the deferred tax asset amounts to 801,789 Euros.

The deferred tax liability relating to "fair value adjustments" essentially refers to the deferred tax associated with the caption "Financial assets and liabilities at fair value through profit or loss".

As at 30 June 2023, the expected amount of deferred tax assets and liabilities to be settled within 12 months is 3.2 million Euros and 0.4 million Euros, respectively.

During the years ended 31 December 2022 and 30 June 2023, the movements which occurred under the deferred tax captions were as follows:

| | 31.12.2022 | 30.06.2023 |
|--|-------------------|-------------------|
| Deferred tax assets | | |
| Opening balances | 87,255,087 | 67,823,608 |
| Effect on net profit | | |
| Employee benefits - healthcare | (414,767) | (385,290) |
| Employee benefits - pension plan | (11,597) | (2,165) |
| Employee benefits - other long-term benefits | 359,712 | 342,410 |
| Impairment losses and provisions | (1,738,614) | 3,932 |
| Tax losses carried forward | 686,684 | 198,258 |
| Impairment losses in tangible fixed assets | 1,113,639 | 624,000 |
| Share Plan | 594,329 | (233,286) |
| Land and buildings | (11,042) | — |
| Tangible assets' tax revaluation regime | (320,715) | (160,358) |
| Other | (89,819) | 12,115 |
| Effect on equity | | |
| Employee benefits - healthcare | (19,593,906) | — |
| Employee benefits - pension plan | (5,383) | — |
| Closing balance | 67,823,608 | 68,223,224 |

| | 31.12.2022 | 30.06.2023 |
|---|------------------|------------------|
| Deferred tax liabilities | | |
| Opening balances | 2,427,513 | 9,847,476 |
| Effect on net profit | | |
| Revaluation of tangible fixed assets before IFRS adoption | (165,194) | (82,600) |
| Suspended capital gains | (26,149) | (13,075) |
| Non-current assets held for sale | (42,718) | — |
| PPA Movements - NewSpring Services | (134,713) | (50,517) |
| Fair Value Adjustments | 7,108,430 | (148,725) |
| Other | 15,818 | 135,473 |
| Effect on equity | | |
| Other | 142,477 | (20,022) |
| Others | | |
| PPA movements - NewSpring Services | 522,013 | — |
| Closing Balance | 9,847,476 | 9,668,009 |

During the year ended 31 December 2022 and the six-months period ended 30 June 2023, the tax losses carried forward are detailed as follows:

| Group | 31.12.2022 | | 30.06.2023 | |
|---------------------------------------|-------------------|---------------------|-------------------|---------------------|
| | Tax losses | Deferred tax assets | Tax losses | Deferred tax assets |
| CTT – Espresso, S.A., branch in Spain | 77,006,639 | — | 78,555,578 | — |
| CTT Espresso/Transporta | 13,133,872 | 2,758,113 | 12,945,890 | 2,718,637 |
| CTT Soluções Empresariais/HCCM | — | — | 1,167,695 | 245,216 |
| Total | 90,140,511 | 2,758,113 | 92,669,163 | 2,963,853 |

Regarding CTT – Espresso, S.A., branch in Spain, the tax losses of the years 2008, 2009 and 2011 may be reported in the next 15 years, the tax losses related to 2012, 2013 and 2014 may be carried forward in the next 18 years and the tax losses of the years 2015, 2016, 2017, 2018, 2019, 2020, 2021 and 2022 have no time limit for deduction. No deferred tax assets associated with CTT Espresso branch in Spain's tax losses were recognised, given its losses history.

Regarding to CTT Expresso/ Transporta, the tax losses presented refer to the losses of Transporta for the years 2014 and 2015 and 2017 and 2018, since in 2019 this company was incorporated into CTT Expresso, which may be reported in one or more subsequent tax periods, in accordance with the rules established in the income tax code. The recognition of deferred tax assets related to Transporta's tax losses is supported by the estimate of future taxable profits of CTT Expresso, based on the company's business plan.

It should be noted that, following the acquisition of Transporta, a request was made to maintain the tax losses that had been determined with reference to the periods of 2014 and 2015 (in the amounts of 4,536,810 Euros and 3,068,088 Euros), for which a favourable response was obtained from the Tax Authority during 2021.

It should be noted that, following the acquisition of HCCM – Outsourcing Investment, a request was made to maintain the tax losses that had been determined with reference to the periods from 2015 to 2020 (in the total amount of 1,300,311 Euros), in relation to which awaits a favourable response from the Tax and Customs Authority during the six-months period ended 30 June 2023. Therefore, the related deferred tax asset was recorded. It should be noted that, as previously mentioned, HCCM – Outsourcing Investment was merged by incorporation into the entity CTT - Soluções Empresariais, with reference to 1 January 2022.

Law No. 24-D/2022, of December 30 – “OE 2023” – includes a rule, identified as promoting the principle of solidarity between financial years (logic of continuity of business cycles), which determines the end of time limit for reporting tax losses calculated in previous years.

Despite being a rule for application to financial years beginning on or after 1 January 2023, the calculation of deferred tax on 31 December 2022 in respect of tax losses was considered rational.

In another sense, the percentage of the amount of deductible tax losses in each financial year is reduced from 70% to 65%, therefore it is expected that Companies will take longer to take advantage of the deduction of tax losses.

The sensitivity analysis performed allows us to conclude that a 1% reduction in the underlying rate of deferred tax would imply an increase in the income tax for the period of about 2.23 million Euros.

SIFIDE

The Group recognises an estimate of the tax credit that was submitted for certification by the competent authority (ANI – Agência Nacional de Inovação) in the period to which the investments relate.

Regarding to R&D expenses incurred by the Group in the 2020 financial year, with the submission of the application, these amounted to approximately 5,304,741 Euros, with the Group estimated an income tax deduction of 3,850,195 Euros. As at 30 June 2023, the tax credit for the year 2020 is already fully deferred by the Certifying Commission (ANI).

Regarding R&D expenses incurred by the Group in the financial year of 2021, with the submission of the application, these amounted to 6,474,190 Euros, with the Group estimated an income tax deduction of 3,816,703 euros. As at 30 June 2023, the tax credit for the year 2020 is already fully deferred by the Certifying Commission (ANI).

Regarding R&D expenses incurred by the Group in the financial year of 2022, with the submission of the application, these amounted to 4,169,551 Euros, with the Group having the possibility of benefiting from a income tax deduction estimated at 1,648,062 euros.

Other information

Pursuant to the legislation in force in Portugal, income 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 received, or when inspections, claims or challenges are in progress, in which cases, depending on the circumstances, these years are extended or suspended. Therefore, CTT's income tax returns from 2019 and onwards may still be reviewed and corrected.

The Board of Directors believes that any corrections arising from reviews/inspections by the tax authorities of these income tax returns will not have a significant effect on the consolidated financial statements as at 30 June 2023.

27. Related parties

The Regulation on Assessment and Control of transactions with CTT related parties defines related party as: qualified shareholder, manager, subsidiaries companies' managers or third party with any of these related through relevant commercial or personal interest (under the terms of IAS 24) and also subsidiaries, associates and joint ventures of CTT. It is considered that there is a "relevant commercial or personal interest" in relation to (i) close family members of the managers, subsidiaries companies' managers and qualified shareholders who, at each moment, have significant influence on CTT, as well as (ii) controlled entities (individually or jointly), either by management, subsidiaries companies' managers qualified shareholders or by the persons referred to in (i). For this purpose, "control" is considered to exist when an investor is exposed or holds rights in relation to variable results through its relationship with it and has the capacity to affect those results through the power it exercises over the investee. Additionally, "close family members" are: (i) the spouse or domestic partner and (ii) the children and dependents of the person and persons referred to in (i).

According to the Regulation, the significant transactions with related parties, as well as transactions that members of the Board of Directors of CTT and/or its subsidiaries conduct with CTT and/or its subsidiaries, must be previously approved by resolution of Board of Directors, preceded by a prior favourable opinion of Audit Committee, except when included in the normal company's business and no special advantage is granted to the director directly or by an intermediary. Significant transaction is any transaction with a related party whose amount exceeds one million Euros, and / or carried out outside current activity scope of CTT and / or subsidiaries and / or outside market conditions.

The other related parties' transactions are approved by Executive Committee, to the extent of the related delegation of powers, and subject to subsequent examination by the Audit Committee.

For the 30 June 2022 and the six-months period ended 30 June 2023, the following transactions took place and the following balances existed with related parties:

| 30.06.2022 | | | | | | |
|--------------------------|---------------------|------------------|----------------|------------------|-------------------|---|
| Group | Accounts receivable | Accounts payable | Revenues | Costs | Dividends | Financial investments / Increase in share capital |
| Shareholders | — | — | — | — | 17,656,441 | — |
| Group companies | | | | | | |
| Associated companies | — | — | — | — | — | — |
| Jointly controlled | 162,353 | 50,869 | 288,578 | 256,019 | — | — |
| Members of the (Note 24) | | | | | | |
| Board of Directors | — | — | — | 1,296,590 | — | — |
| Audit Committee | — | — | — | 79,286 | — | — |
| Remuneration Committee | — | — | — | 9,900 | — | — |
| General Meeting | — | — | — | 14,000 | — | — |
| | 162,353 | 50,869 | 288,578 | 1,655,795 | 17,656,441 | — |

| 30.06.2023 | | | | | | |
|--------------------------|---------------------|------------------|----------------|------------------|-------------------|---|
| Group | Accounts receivable | Accounts payable | Revenues | Costs | Dividends | Financial investments / Increase in share capital |
| Shareholders | — | — | — | — | 17,817,109 | — |
| Group companies | | | | | | |
| Associated companies | — | — | — | — | — | — |
| Jointly controlled | 313,285 | 28 | 327,352 | 156 | — | — |
| Members of the (Note 24) | | | | | | |
| Board of Directors | — | — | — | 1,254,036 | — | — |
| Audit Committee | — | — | — | 80,976 | — | — |
| Remuneration Committee | — | — | — | 9,900 | — | — |
| General Meeting | — | — | — | 14,000 | — | — |
| | 313,285 | 28 | 327,352 | 1,359,068 | 17,817,109 | — |

In the context of transactions with related parties, no commitments were made, nor were any guarantees given or received.

No provision was recognised for doubtful debts or expenses recognised during the period in respect of bad or doubtful debts owed by related parties.

The remunerations attributed to the members of the statutory bodies of CTT, S.A. are disclosed in note 24 – Staff Costs.

28. Other information

Within the regulatory framework in force since February 2022 and the agreement on the criteria to be met for the pricing of postal services that make up the basket of services within the universal service obligation (Universal Postal Service Price Convention) for the 2023-2025 period, of 27 July 2023, the prices of these services were updated on 1 March 2023. As announced to the market on 26 January 2023. The update corresponds to an average annual price variation of 6.58%. The overall average annual price variation, also reflecting the effect of the update of special prices for bulk mail, is 6.24%.

According to the decision of 27 June 2023, ANACOM approved the cost of capital rate of CTT - Correios de Portugal, applicable to the financial year 2023, which should be 9.7267%, based on the 2023 results of the company's cost accounting system.

With regard to the legal proceedings relating to ANACOM's Decision regarding the quality of service parameters and performance targets applicable to the universal postal service provision, of July 2018, the Government's appeal against the decision of the Arbitration Court continues. It acknowledges that ANACOM's decision constituted an abnormal and impressionable change in circumstances, causing damages amounting to 1,869,482 euros. The administrative actions against ANACOM, the first concerning the same decision and the second concerning the deliberation of December 2018 regarding the new measurement procedures to be applied to the indicators, had no relevant developments.

As CTT appealed the decision to apply a fine of 153,750 euros for twenty-six administrative offences related to the non-compliance with postal network density targets and minimum service offers, and the publication of quality of service indicators and information on prices charged at various postal establishments in 2014 and 2015, the Lisbon Court of Appeal reduced the fine to 57 thousand euros. As CTT disagreed with the grounds of the decision that upheld some of the administrative offences, it appealed to the Constitutional Court on 23 February 2023, which rejected the appeal on the grounds that the requirements for admissibility of the appeal were not met. Since CTT considered that important guarantees of defence were at stake (e.g., the conviction of an administrative offence based on the mere indication of facts and the remedy of the nullity arising from the omission of the examination of a witness at the administrative stage), filed a complaint with the European Court of Human Rights. The administrative offence proceeding of which CTT was charged by ANACOM for alleged violation of the measurement procedure of the quality of service indicators (QSI) in 2016 and 2017 is ongoing.

Following the proposal to apply contractual fines in the amount of 753 thousand euros, on 4 August 2022, CTT requested the constitution of an arbitration court, under the terms of the concession agreement and the process is underway. For the same facts, CTT had already been notified of the filing of an administrative offence proceeding on 30 August 2021, which is running its course, with no developments, following the presentation of the respective defences. On 23 February 2023, CTT was notified to comment on a new proposal for the application of contractual fines submitted by ANACOM to the Government, in relation to the alleged contractual breach of the quality of service obligation in the years 2016, 2017, 2018 and 2019. CTT submitted its comments on 6 April 2023, in which it defends there is no basis in fact or in law for the ascertainment of any contractual liability and requests additional evidence. The application of contractual fines and the respective amount depends on the further steps of the administrative procedure, which has not yet been developed.

A decision is awaited in the arbitration proceedings for the protection of CTT's rights filed by CTT against the Portuguese State on 11 June 2021. Specifically: (a) the impacts and contractual effects, namely compensatory (which CTT estimates to be approximately 23 million euros), of the COVID-19 pandemic, as well as of the public measures adopted in that context; and (b) the legal compatibility, impacts and contractual effects, namely compensatory (which CTT estimates to be approximately 44 million euros), of the decision to extend the concession agreement. The above mentioned figures correspond to the amounts to which CTT, with the data available at the time, considers to be entitled and are subject to update, assessment and decision in the process, which is ongoing.

The lawsuits filed on 18 January 2022 by the companies Vasp Premium – Entrega Personalizada de Publicações, LDA. (Vasp) and Iberomail – Correio Internacional, S.A., (Iberomail) against CTT before the Competition, Regulation & Supervision Court, seeking the conviction of CTT for abuse of dominant position continue, still awaiting the start of the evidence phase. CTT follows the best market practices and considers the request to be totally unfounded, as these lawsuits concern facts assessed by the Competition Authority (AdC) in the scope of a proceeding that was closed with the imposition of commitments, which CTT has implemented and reports annually to the AdC.

On 5 June 2023, CTT was notified of the opening of an administrative offence procedure by ANACOM, for non-compliance with the quality of service indicators (QSI) in 2017, 2018 and 2019. Although CTT is in total disagreement with the application of this administrative offence, it has paid the fine of at least 140 thousand euros, as proposed by ANACOM, for exclusively financial reasons of saving resources,

given the risks and costs inherent in litigation. The payment of the fine was followed by the sending of a communication setting out the reasons for disagreement, which is largely related to the same reasons that are at the origin of the litigation concerning ANACOM's 2018 Decision, which approved the quality parameters and performance targets in question.

Strategic Partnership - Generali Seguros

On 6 November 2022, CTT - Correios de Portugal, S.A. and its subsidiary Banco CTT, S.A. entered into a strategic partnership agreement with Generali Seguros, S.A. (Tranquilidade/Generali Seguros).

The transaction concluded between the parties includes:

- Long-term distribution agreements, with 5-years exclusivity renewable periods, for the distribution by CTT and Banco CTT of life and non-life insurance products of Tranquilidade/Generali Seguros;
- Subscription by Tranquilidade/Generali Seguros of a 25 million euros reserved share capital increase in Banco CTT, in exchange for a shareholding of approximately 8.71%. A Shareholders' Agreement will provide Tranquilidade/Generali Seguros with minority interests with the size of the shareholding.

The agreement aims to combine the experience of Tranquilidade/Generali Seguros in the development and management of insurance products with the distribution capacity of CTT and Banco CTT through their nationwide networks coverage and digital channels. The insurance distribution agreements contemplate a fixed price by Tranquilidade/Generali Seguros of 1 million euros and 9 million euros to CTT and Banco CTT, respectively, to be settled in the initial six years, and additional contingent payments depending on the performance achieved over the term of the agreements.

The CTT Group expects that the transaction, which is subject to suspensive conditions, including approval by the banking and insurance regulatory authorities, will be completed by the end of 2023.

29. Subsequent events

On 7 July 2023, the Board of Directors of Banco de Portugal decided not to oppose the acquisition of a qualified direct holding of 100% of the capital and voting rights of Payshop Portugal by CTT, under the terms approved on 8 July 2022 by the Board of Directors of Banco CTT .

With the exception of what is mentioned above, after 30 June 2023 and up to the date that the financial statements were approved for issue, no relevant or material facts have occurred in the Group's activity that have not been disclosed in the notes to the financial statements.

07

Declaration of conformity



7. DECLARATION OF CONFORMITY

For the purposes of article 29-J(1)(c) of the Portuguese Securities Code, the members of the Board of Directors and of the Audit Committee of CTT - Correios de Portugal, S.A. (“CTT”) identified below hereby declare that, to the best of their knowledge, the interim condensed consolidated accounts relative to the first half of 2023 were prepared in compliance with the applicable accounting standards, providing a true and fair view of the assets and liabilities, the financial position and the results of CTT and the companies included in its consolidation perimeter, and that the interim report faithfully presents the important events which occurred in the first half of 2023 and their impact on the interim condensed consolidated financial statements, as well as the main risks and uncertainties for the second half of the year.

Lisbon, 27 July 2023

The Board of Directors

The (non-executive) Chairman of the Board of Directors

Raul Catarino Galamba de Oliveira

The Member of the Board of Directors and Chief Executive Officer (CEO)

João Afonso Ramalho Sopas Pereira Bento

The Member of the Board of Directors and Chief Financial Officer (CFO)

Guy Patrick Guimarães de Goyri Pacheco

The Member of the Board of Directors and of the Executive Committee

João Carlos Ventura Sousa

The (non-executive) Member of the Board of Directors and Chairwoman of the Audit Committee

Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia

The (non-executive) Member of the Board of Directors

Steven Duncan Wood

The (non-executive) Member of the Board of Directors

Duarte Palma Leal Champalimaud

The (non-executive) Member of the Board of Directors and of the Audit Committee

Jürgen Schröder

The (non-executive) Member of the Board of Directors

Margarida Maria Correia de Barros Couto

The (non-executive) Member of the Board of Directors and of the Audit Committee

María del Carmen Gil Marín

The (non-executive) Member of the Board of Directors

Susanne Ruoff

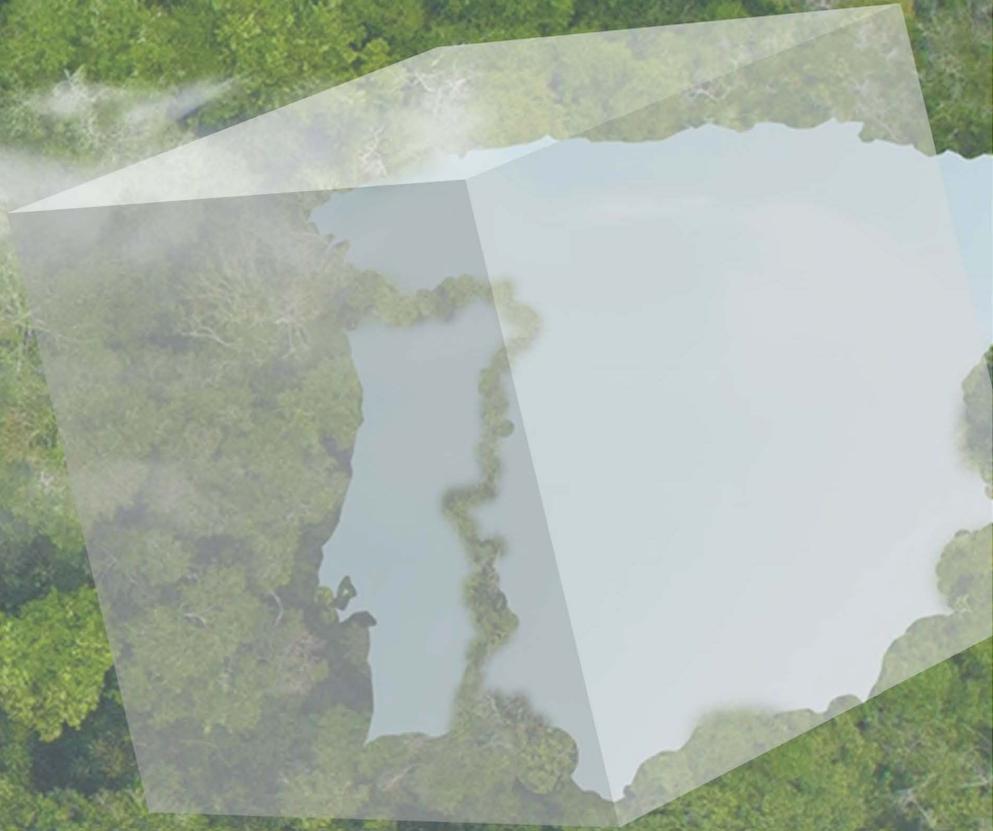
(SIGNED ON THE ORIGINAL)



Integrated Report 1st half 2023

08

Audit Report



*(Translation from the original document in the Portuguese language.
In case of doubt, the Portuguese version prevails)*

Limited review report on the interim condensed consolidated financial statements

Introduction

We have performed a limited review on the interim condensed consolidated financial statements of CTT - Correios de Portugal, S.A. (the Group), which comprise the consolidated statement of financial position as at 30 June 2023 (showing a total of 4,044,926,116 Euros and a shareholder's equity total of 233,225,858 Euros, including a consolidated net profit of 26,048,833 Euros), consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six month period then ended, and the notes to the interim condensed consolidated financial statements which includes a summary of significant accounting policies.

Board of Directors responsibilities

The Board of Directors is responsible for the preparation of the interim condensed consolidated financial statements in accordance with the International Financial Reporting Standards as endorsed by the European Union for Interim Financial Reporting (IAS 34), and for the design and maintenance of an appropriate system of internal control to enable the preparation of consolidated financial statements which are free from material misstatement due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. We conducted our review in accordance with the International Standard on Review Engagements 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and other rules and technical and ethical requirements issued by the Institute of Statutory Auditors. Those standards require that our work is performed in order to conclude that nothing has come to our attention that causes us to believe that the condensed consolidated financial statements have not been prepared in all material respects in accordance with the International Financial Reporting Standards as endorsed by the European Union for Interim Financial Reporting (IAS 34).

A review of financial statements is a limited assurance engagement. The procedures performed consisted primarily of making inquiries of management and others within the Entity and its subsidiaries, as appropriate, and applying analytical procedures, and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these condensed consolidated financial statements.

Conclusion

Based on our review procedures, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of CTT - Correios de Portugal, S.A., as at 30 June 2023, have not been prepared, in all material respects, in accordance with the International Financial Reporting Standards as endorsed by the European Union for Interim Financial Reporting (IAS 34).

Lisbon, 27 July 2023

Ernst & Young Audit & Associados - SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)

Luís Pedro Magalhães Varela Mendes - ROC nr. 1841
Registered with the Portuguese Securities Market Commission under license nr. 20170024



Integrated Report 1st half 2023

09

Investor
support



9. INVESTOR SUPPORT

CTT investor support is carried out by the Investor Relations department, a team made up of six people.

9.1 Contacts

E-mail: investors@ctt.pt

Telephone: +351 210 471 087

9.2 Press releases and disclosure of financial information

During the 1st half of 2023, CTT's disclosure of material information to the market consisted of:

- The Integrated Report 2022, as well as consolidated results presentations and press releases regarding the 2022 financial year and the 1st quarter of 2023; and
- 20 press releases with material information, including six on the transactions carried out in the context of the share buyback program launched in 2023, six relative to the annual and quarterly results press releases and presentations, and eight press releases with diversified material information, namely on the new agreement for the distribution of public debt, sustainable financing and on the update of the real estate strategy of the Company.
To be mentioned are also the communications on the resolutions of the 2023 Annual General Meeting, at which the new CTT corporate bodies were elected, on the payment of dividends, as well as eight press releases on management transactions. A total of 29 communications were released to the market.

9.3 Events

Throughout the semester, CTT participated virtually and in person in several events organised by different banks and brokers, as follows:

- three conferences – the XXIX Santander Iberian Conference held in Madrid in February, the TC ICAP Midcap Conference in Paris in May and the 45th ESN European Conference (CIC - CaixaBI) also in May in London;
- four roadshows – organized by Santander in Madrid and Paris in March, JB Capital Markets in London in May, and by Phoenix IR with USA investors in June, the latter being held online;
- one breakfast meeting with seven Portuguese investors organised by CaixaBI in May; and
- four one-to-one meetings – held virtually or in-person with individual institutional investors from various countries, including the USA, Spain and the United Kingdom.

9.4 Financial Calendar

CTT financial calendar for the 2nd half of 2023 foresees the following corporate events:

Financial Calendar 2nd half of 2023

| Event | Date |
|---|-----------------------|
| 1 st Half 2023 Results and Interim Integrated Report | 27 July 2023 * |
| XX CaixaBank BPI Iberian Conference, Porto | September 2023 |
| 9 months 2023 Results | 2 November 2023 * |
| 46 th ESN European Conference - CIC - CaixaBI, Paris | 29 & 30 November 2023 |

* After market close

CTT will continue to organise and participate in marketing activities aimed at conveying adequately the prospects and performance of its businesses and engage with market participants in a long-term relationship.

CONTACTS

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Media

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