We make our path fully committed to deliver

Consolidated Results
1st Half 2024

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CTT - Correios de Portugal, S.A.
1st Half 2024 Consolidated Results

***Introductory note:** Two new aggregating areas have been added: (i) **'Logistics'**, which incorporates Express & Parcels and Mail & Other; and (ii) **'Bank & Financial Services'**, which covers Banco CTT and Financial Services & Retail. This change is detailed in the chapter on Operational Performance..*

In the first half of 2024, **revenues**[1] reached €524.3m (+€43.9m; +9.1% y.o.y[2]), driven by Express & Parcels, which more than offset the decline in Financial Services due to the lower volume of public debt placements.

- **Logistics** totalled €451.0m in 1H24 (+20.7% y.o.y), accounting for 86% of CTT's total revenues.
  - **Express & Parcels** totalled €210.4m, an increase of 48.9% y.o.y or €69.1m. It already represents 40% of CTT's total revenues. The upward trend in e-commerce adoption continued, with strong volume growth registered in Iberia (+53.5% y.o.y).
- **Bank & Financial Services** totalled €73.3m (-31.3% y.o.y), mainly due to the expected decline in the placement of public debt.

Recurring EBIT stood at €35.0m in 1H24 (-€13.3m; -27.6% y.o.y), with a margin of 6.7%.

- **Logistics** reached €18.7m, an increase of €5.6m or 42.5% y.o.y. This performance was driven by **Express & Parcels**, with €13.7m (+€7.8m; +132.8% y.o.y), due to operating leverage underpinned by the expansion of revenues and by investments made in previous years.
- **Bank & Financial Services** decreased by €18.9m (-53.8% y.o.y), while Banco CTT reached €10.7m with an expansion of 44.6% y.o.y due to increased activity, although it did not fully offset the declining EBIT in Financial Services.

Operating cash flow stood at €20.0m in 1H24 (€8.5m and €11.4m in 1Q24 and 2Q24, respectively).

Net profit[3] reached €19.8m in 1H24 (-€6.2m compared to 1H23).

In line with CTT's strategy, **net debt to EBITDA ratio** (Banco CTT under equity method) is 1.78x, reflecting the payment of the dividend in May and the conclusion of the share buyback programme.

€ million

	1H23	1H24	Δ	Δ%	2Q23	2Q24	Δ	Δ%
Revenues[1]	**480.4**	**524.3**	**43.9**	**9.1%**	**238.6**	**260.9**	**22.3**	**9.3%**
Logistics	373.7	451.0	77.3	20.7%	190.2	224.4	34.2	18.0%
Express & Parcels	141.3	210.4	69.1	48.9%	76.7	109.0	32.3	42.1%
Bank & Financial Services	106.7	73.3	(33.4)	(31.3%)	48.4	36.5	(11.9)	(24.6%)
Operating costs	**400.3**	**453.6**	**53.2**	**13.3%**	**199.4**	**224.1**	**24.8**	**12.4%**
EBITDA[1]	**80.1**	**70.8**	**(9.3)**	**(11.6%)**	**39.2**	**36.7**	**(2.5)**	**(6.4%)**
Depreciation & amortisation	31.7	35.7	4.0	12.7%	16.6	18.6	2.0	12.2%
Recurring EBIT	**48.4**	**35.0**	**(13.3)**	(27.6%)	**22.7**	**18.1**	**(4.6)**	**(20.1%)**
Logistics	13.2	18.7	5.6	42.5%	8.6	9.9	1.2	14.3%
Express & Parcels	5.9	13.7	7.8	132.8%	5.2	8.1	2.8	54.3%
Bank & Financial Services	35.2	16.3	(18.9)	(53.8%)	14.0	8.2	(5.8)	(41.3%)
EBIT	**39.3**	**32.4**	**(6.8)**	**(17.4%)**	**14.3**	**17.5**	**3.2**	**22.3%**
Net profit for the period[3]	**26.0**	**19.8**	**(6.2)**	**(23.9%)**	**9.9**	**12.4**	**2.5**	**24.9%**

	31.12.23	30.06.24	Δ	Δ%
Equity	253.3	272.0	18.7	7.4%
Net Debt	(39.0)	(25.3)	13.7	35.2%
Net debt with Banco CTT under equity method	177.3	196.5	19.2	10.8%
Net debt/EBITDA (LTM) with Banco CTT under equity method	1.44	1.78	0.34	23.4%

1 Excluding specific items.
2 y.o.y - year on year.
3 Attributable to equity holders.

1 Operational performance

1. Operational performance

Performance analysis by Business Unit

Details of the changes implemented in the organisation of the Business Units:
CTT will report two new aggregators “Logistics” and “Bank & Financial Services” as a view of aligning with the existing lines of business and simplifying the business reporting. These two areas aggregate the previous business units “Express & Parcels” and “Mail & Other” as Logistics, and “Banco CTT” and “Financial Services & Retail” as Bank & Financial Services, maintaining the same level of disclosure of all relevant business drivers and captions. “Business payments” was migrated to “Mail & Others” to align all commercial B2B streams in the same ownership, ensuring only bank statutory entities in the scope of “Banco CTT” reporting segment. Other small adjustments were made in the light of reorganizing the company commercial portfolio, namely “Tax payments” and “Transfer products” between “Financial Services” and “Mail & Others”.

Logistics

Logistics revenues totalled €451.0m in 1H24 (+€77.3m; +20.7% y.o.y). This solid performance was driven by growth in Express & Parcels (+48.9% y.o.y).

Mail & Other revenues grew by 3.6% y.o.y in the semester, mainly due to the good performance of addressed mail (+2.1%) and business solutions (+10.0% y.o.y).

€ million

Logistics	1H23	1H24	Δ	Δ%	2Q23	2Q24	Δ	Δ%
Revenues	373.7	451.0	77.3	20.7%	190.2	224.4	34.2	18.0%
Operating costs	332.5	400.4	68.0	20.4%	166.7	197.9	31.1	18.7%
EBITDA	41.3	50.6	9.3	22.6%	23.4	26.5	3.0	13.0%
Recurring EBIT	13.2	18.7	5.6	42.5%	8.6	9.9	1.2	14.3%
EBIT	4.1	16.2	12.1	»	0.3	9.3	9.0	»

Express & Parcels

Express & Parcels **revenues** amounted to €210.4m in 1H24 (+€69.1m; +48.9% y.o.y). This growth was driven by increased volumes in Iberia (+53.5% y.o.y), which exceeded 63 million items in the first six months of the year, with 2Q24 volumes close to the levels of 4Q23 (peak season).

The business in Spain and Portugal has been unified into a single Iberian offer. In particular, the product portfolio, customer segmentation and pricing methodology have been harmonised. Commercial coordination between Portugal and Spain has also been strengthened in the management of large international accounts. This harmonisation is crucial, given that a large number of clients operate throughout the Iberian Peninsula and therefore prefer a service that covers the entire region.

The expansion of the Express & Parcels segment results from the growth in the e-commerce market and the gain in market share, which reflects the investments made in the expansion and capacity of the network, in the extension and differentiation of the portfolio of services offered and in the quality of delivery.

2Q24 volumes were similar to the peak season’s.

The growth recorded is diversified among the different types of customers. In terms of the strategic customer segment (international e-sellers, with daily volumes above 20,000 items), there continues to be strong growth, as a result of the incorporation of new customers, reflecting commercial proactivity, the wide range and quality of the services offered, and the increase in average volumes, as CTT is intensifying its relationship with these customers. The other customer segments also registered strong growth, as a result of a commercial strategy that prioritises customer diversification and the expansion and granularity of the geographical presence in Spain.

Despite the high growth, the quality of service has remained excellent. This growth demonstrates the trust placed in the quality of the service offered by CTT by current and new customers. This is a differentiating factor compared to the competition and underpins the continuous increase in volumes handed out to CTT.

The customs clearance service continues to gain traction with large international clients. Integrated in last-mile delivery, it contributes significantly to reducing delivery times for extra-EU volumes and increasing CTT's differentiation from its competitors.

The fulfilment business recorded revenues of €2.1m in 1H24 (+26.4% y.o.y). This evolution was based on the growth of business from existing clients and the capture of a new business of significant size in a new segment.

At the end of 1H24, CTT's Locky network comprised 907 lockers installed in Portugal (1,038 contracted) and maintained an upward trend in the number of lockers installed. In Spain, where Locky recently began its expansion, there are already 8 lockers installed and 46 contracted. Locky lockers are part of the CTT delivery points network, whereby customers can pick up, send and return their parcels with maximum convenience, 24 hours a day in most lockers, every day of the week. The Locky locker network is an agnostic network and, since 4Q23, another carrier, in addition to CTT, has been using it. CTT continues to invest in expanding the Locky locker network both in Portugal and in Spain, where this offer is already present. In the context of the PUDO network, it should be noted that CTT in Spain already has a network of 17,600 convenience points, which, when added to approximately 3,500 of the network in Portugal, represent over 21,000 delivery points, ensuring extensive coverage of the Iberian Peninsula.

Recurring EBIT generated by the E&P business increased from €5.9m in 1H23 to €13.7m in 1H24. As a result, the margin increased from 4.2% in the same semester last year to 6.5% (+2.3pp y.o.y). Recurring EBIT performance benefited from increased business activity in Iberia. Strong volume growth in Spain is fuelling rapid margin expansion due to operational leverage of the business. In Portugal, synergies have been leveraged with the basic mail network to channel more and more parcels to be delivered by postmen.

In 2Q24 a record level of recurring EBIT of €8.1m (+54.3% y.o.y) was achieved, with a margin of 7.4% (+0.6pp y.o.y).

Mail & Other

Mail & Other **revenues** amounted to €240.6m in 1H24 (+€8.3m; +3.6% y.o.y). This growth was mainly due to the performance of €189.9m in revenues from addressed mail (+2.1% y.o.y), €24.2m from business solutions (+10.0% y.o.y) and €10.3m from payments (+8.7% y.o.y).

In 1Q24, the mail business benefited from the volumes generated by the legislative elections, but was penalised by the lower number of working days. In fact, there were two fewer working days (i.e. -3.1%) than in 1Q23, because this year Easter fell in the first quarter (-1.6% in 1H24 vs. 1H23).

The overall average price change of the universal postal service[4] in 1H24 was +9.25% y.o.y.

Leveraging the commercial relationships established in the mail business has enabled the Business Solutions segment to grow.

In 1H24, business solutions continued to record growth in the Business Process Outsourcing (BPO) and Contact Centre areas as new businesses in different sectors were won and implemented.

Recurring EBIT declined by 30.6% to €5.1m, due in part to the lower number of working days. Recurring EBIT performance was also penalised by the decline in financial services activity as a result of lower subscriptions of savings certificates, as these required

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

less use of Mail resources. The cost efficiency programme is progressing and results are expected this year. Price increases will help stabilise margins.

Bank & Financial Services

Bank & Financial Services' revenues totalled €73.3m in 1H24 (-€33.4m; -31.3% y.o.y), penalised by the performance of public debt, while Banco CTT continued to grow in assets and customers.

Public debt placement volumes remain at low levels, much lower than normal, as a consequence of the limitations imposed on the subscription of savings certificates.

€ million

Bank & Financial Services	1H3	1H24	Δ	Δ%	2Q23	2Q24	Δ	Δ%
Revenues	106.7	73.3	(33.4)	(31.3%)	48.4	36.5	(11.9)	(24.6%)
Recurring EBIT	35.2	16.3	(18.9)	(53.8%)	14.0	8.2	(5.8)	(41.3%)
Recurring EBIT margin (p.p.)	33.0	22.2	(10.8)		28.9	22.5	(6.4)	

Financial Services

Financial Services **revenues** amounted to €11.1m in 1H24 (-€34.9m). This unfavourable performance, when compared to the same period last year, comes mostly from the performance of public debt certificates.

CTT carried out marketing campaigns throughout the second quarter, highlighting the attractiveness of Savings Certificates when compared to other alternatives. In July, the company also launched an online platform for subscribing to public debt certificates via the CTT app, thus improving convenience for savers.

CTT launched an online platform for subscribing to public debt certificates.

In the first half of 2023, placements of public debt certificates reached all-time highs, driven by the greater attractiveness of the product compared to bank deposits. The change in marketing conditions in June 2023 reduced the attractiveness of this product for savers due to the lower interest rates, and limited marketing capacity due to the drastic reduction in placement caps per subscriber. It is expected that a possible future change in marketing conditions will once again increase the attractiveness of this product.
Public debt certificates (Savings Certificates and Treasury Certificates Savings Growth) posted revenues of €4.3m in 1H24 (-€31.7m; -88.0% y.o.y).

In 1H24, subscriptions of these certificates amounted to €621.1m which compares to €11.4 billion in 1H23. Naturally, the performance in 1H23 benefited from the exceptional context previously mentioned. However, it should be noted that 1H24 performance is being hampered by the limitations imposed on the sale of this product introduced in June 2023. Also, between 2019 and 2021, before the change in interest rates environment that started in 2022, average placements per semester was around €2 billion.

CTT has been repositioning its retail network for the distribution of services (retail as a service). This strategy includes: (i) public debt; (ii) insurance products; (iii) mail and express & parcels services, mostly in self-service; and (iv) convenience services for citizens.

In this context, CTT reinforced the commercial drive in the area of non-life insurance, including auto, health, personal accidents, multi-risk, among others, based on the distribution partnership with Generali, but also benefiting from other distribution arrangements, namely on healthcare plans.

Given the abnormally weak performance in terms of public debt placements, **recurring EBIT** in the semester totalled €5.6m.

Bank

Banco CTT **revenues** amounted to €62.1m in 1H24 (+€1.6m; +2.6% y.o.y). Net interest income totalled €47.9m in 1H24 (€1.9m; +4.1% y.o.y). Interest received increased by €28.3m compared to the same period last year, benefiting from higher interest rates and volume growth. Interest paid increased by €26.5m vis-à-vis the same period in 2023 due to higher rates of return on customer deposits and securitisations of auto loans. Excluding the impact of the withdrawal from the Universo card partnership, revenue growth would have been +15.9%.

At end of 1H24, the number of current accounts was 667k (20k more than in December 2023).

Banco CTT is focused on continuing to grow its client base while improving client engagement, in order to grow business volumes, with a special focus on savings and deposits.

Retail customer deposits (Banco CTT consolidation) stood at €3,772.0m in 1H24 (+22.0% vs. December 2023). There was a 38.0% increase in term deposits and sight deposits stabilised compared to December 2023.

Interest from auto loans amounted to €29.5m in 1H24 (+€4.2m; +16.5% y.o.y) and reached a loan portfolio net of impairments of €894.1m (+3.9% vs. December 2023). Auto loans production stood at €128.8m in 1H24 (-4.6% y.o.y).

Interest from mortgage loans stood at €15.9m in 1H24 (+€6.8m; +73.7% y.o.y), which is in line with the positive evolution of Euribor since 1H23. The mortgage loan portfolio net of impairments totalled €745.3m in the period (+2.5% vs. December 2023). Mortgage loan production amounted to €79.8m in 1H24 (-9.1% y.o.y).

Also worthy of note is other interest received, which increased by €11.7m in 1H24 compared to 1H23, to which contributed mainly the liquidity surplus at Banco de Portugal.

Commissions received in this business unit reached €13.4m in 1H24, (+2.3% y.o.y).

The loan-to-deposit ratio reached 43.5% in 1H24.

The cost of risk (consolidated and accumulated) in the semester stood at 0.9%, down by 0.5 p.p. compared to December 2023, influenced by lower levels of risk in the consumer credit portfolios.

Recurring EBIT rose to €10.7m (+44.6% y.o.y) due to operational leverage supported by the strong growth in business volumes, namely deposits, mortgages and auto loans.

Banco CTT is therefore well positioned to achieve the 2025 objectives announced in September 2023:

- Reach 700k to 750k accounts (compared to 667k in 1H24);
- Grow in customer resources and loans to customers to business volumes of over €7 billion (compared to €6.5 billion at the end of 1H24);
- Deliver on profitability, with pre-tax profits between €25m and €30m (compared to €21.0m in 2023 and €10.6m in 1H24).

Financial performance

2. Financial performance

Income statement

€ million

	1H23	1H24	Δ	Δ%	2Q23	2Q24	Δ	Δ%
Revenues	**480.4**	**524.3**	**43.9**	**9.1%**	**238.6**	**260.9**	**22.3**	**9.3%**
Logistics	373.7	451.0	77.3	20.7%	190.2	224.4	34.2	18.0%
Express & Parcels	141.3	210.4	69.1	48.9%	76.7	109.0	32.3	42.1%
Mail & Other	232.4	240.6	8.3	3.6%	113.5	115.4	1.9	1.7%
Bank & Financial Services	106.7	73.3	(33.4)	(31.3%)	48.4	36.5	(11.9)	(24.6%)
Financial Services	46.1	11.1	(34.9)	(75.8%)	17.3	5.5	(11.8)	(68.1%)
Banco CTT	60.6	62.1	1.6	2.6%	31.2	31.0	(0.2)	(0.5%)
Operating costs	**400.3**	**453.6**	**53.2**	**13.3%**	**199.4**	**224.1**	**24.8**	**12.4%**
Staff costs	193.4	202.3	8.9	4.6%	95.7	100.1	4.4	4.6%
ES&S	173.0	226.5	53.5	30.9%	88.2	111.7	23.5	26.7%
Impairments and provisions	15.3	10.6	(4.7)	(30.8%)	7.3	4.8	(2.5)	(34.3%)
Other costs	18.5	14.1	(4.4)	(23.7%)	8.1	7.5	(0.6)	(7.5%)
EBITDA	**80.1**	**70.8**	**(9.3)**	**(11.6%)**	**39.2**	**36.7**	**(2.5)**	**(6.4%)**
Depreciation and amortisation	31.7	35.7	4.0	12.7%	16.6	18.6	2.0	12.2%
Recurring EBIT	**48.4**	**35.0**	**(13.3)**	**(27.6%)**	**22.7**	**18.1**	**(4.6)**	**(20.1%)**
Logistics	13.2	18.7	5.6	42.5%	8.6	9.9	1.2	14.3%
Express & Parcels	5.9	13.7	7.8	132.8%	5.2	8.1	2.8	54.3%
Mail & Other	7.3	5.1	(2.2)	(30.6%)	3.4	1.8	(1.6)	(46.6%)
Bank & Financial Services	35.2	16.3	(18.9)	(53.8%)	14.0	8.2	(5.8)	(41.3%)
Financial Services	27.8	5.6	(22.2)	(79.9%)	9.7	2.7	(7.1)	(72.7%)
Banco CTT	7.4	10.7	3.3	44.6%	4.3	5.6	1.3	29.3%
Specific items	9.1	2.6	(6.5)	(71.6%)	8.4	0.6	(7.7)	(92.6%)
Business restructuring and strategic projects	4.5	0.9	(3.6)	(79.0%)	3.5	0.5	(2.9)	(84.2%)
Other non-recurring income and expenses	4.6	1.6	(3.0)	(64.4%)	4.9	0.1	(4.8)	(98.6%)
EBIT	**39.3**	**32.4**	**(6.8)**	**(17.4%)**	**14.3**	**17.5**	**3.2**	**22.3%**
Financial results (+/-)	(7.1)	(8.2)	(1.1)	(14.9%)	(4.0)	(4.1)	(0.1)	(3.0%)
Financial income, net	(7.1)	(8.2)	(1.1)	(14.9%)	(4.0)	(4.1)	(0.1)	(2.8%)
Financial costs and losses	(7.7)	(8.4)	(0.6)	(8.1%)	(4.2)	(4.3)	0.0	(1.0%)
Financial income	0.6	0.2	(0.4)	(71.4%)	0.2	0.2	(0.1)	(29.2%)
Gains/losses in subsidiaries, associated companies and joint ventures	0.0	0.0	0.0	(48.4%)	0.0	0.0	0.0	(123.2%)
Income tax	6.1	4.1	(2.1)	(33.8%)	0.4	0.7	0.3	62.4%
Non-controlling interest	0.0	0.4	0.4	»	0.0	0.3	0.3	»
Net profit for the period	**26.0**	**19.8**	**(6.2)**	**(23.9%)**	**9.9**	**12.4**	**2.5**	**24.9%**

Revenues

Revenues totalled €524.3m in 1H24 (+€43.9m; +9.1% y.o.y), underpinned by Logistics (+€77.3m; +20.7% y.o.y), more specifically by Express & Parcels (+€69.1m; +48.9% y.o.y). Bank & Financial Services (-€33.4m; -31.3% y.o.y) recorded a negative variation, given the extraordinarily high level of public debt placement in 1H23, partly offset by the performance of Banco CTT (+€1.6m; +2.6% y.o.y).

Operating Costs

In 1H24, **operating costs** (relative to EBITDA) totalled €453.6m (+€53.2m; +13.3% y.o.y), with the growth essentially explained by the increase in Logistics activity, especially Express & Parcels. **Staff costs** increased by €8.9m (+4.6% y.o.y) in the period, mostly due to the salary increase (+€6.9m), including the increase in the national minimum wage. Additionally, the growth in the Express & Parcels business also contributed to this evolution in costs, as did the contact centre and document management in the corporate solutions business line of Mail & Other. **External supplies & services costs** increased by €53.5m (+30.9% y.o.y), essentially due to the direct costs of services associated with growing businesses, such as Express & Parcels (+€53.6m), which were partially offset by the decrease in Mail costs (-€1.1m). **Impairments and provisions** decreased by €4.7m (-30.8% y.o.y) as a result of the reduction in impairments in the Banco CTT business (-€5.2m). **Other costs** decreased by €4.4m (-23.7% y.o.y.), with a significant contribution from the retail business (-€4.1m) due to the repositioning of the network to a services platform, discontinuing some products.

Depreciation & amortisation increased by €4.0m (+12.7% y.o.y), essentially due to investments in information systems (+€1.6m), buildings and facilities (+€1.5m) and fleet (+€0.8m).

Specific items amounted to €2.6m in 1H24 (€2.0m and €0.6m in 1Q24 and 2Q24, respectively), mostly due to: (i) transaction costs associated with the start-up of the Real Estate business (€1.2m); and (ii) costs associated with strategic projects (€0.9m).

Recurring EBIT by business unit

Recurring EBIT stood at €35.0m in 1H24 (-€13.3m; -27.6% y.o.y), with a margin of 6.7% (10.1% in 1H23), benefiting from growth in Express & Parcels (+€7.8m; +132.8% y.o.y) and Banco CTT (+€3.3m; +44.6% y.o.y).

Financial Results

The **consolidated financial results** amounted to -€8.2m (-€1.1m; -14.9% y.o.y) in 1H24.

Financial costs and losses incurred amounted to €8.4m (-€0.6m; -8.1% y.o.y), mainly incorporating financial costs related to post-employment and long-term employee benefits of €3.0m, interest expense associated with finance leases liabilities linked to the implementation of IFRS 16 for an amount of €2.2m and interest expense on bank loans for an amount of €2.9m, the increase of which is largely due to the new loans contracted in 2023 and the increase in interest rates.

In 1H24, CTT obtained a **consolidated net profit** attributable to equity holders of €19.8m, which is €6.2m below 1H23. Income tax showed a positive trend (-€2.1m; -33.8% y.o.y) .

Staff

On 30 June 2024, the number of CTT **employees** (permanent employees and fixed-term employees) was 13,813, up by 428 compared to the same period last year (+3.2% y.o.y.).

	30.06.23	30.06.24	Δ	Δ%
Express & Parcels	1,636	1,884	248	15.2%
Mail & Other	11,236	11,328	92	0.9%
Financial Services & Retail	38	36	(2)	(5.3%)
Banco CTT	475	565	90	17.7%
Total, of which:	**13,385**	**13,813**	**428**	**3.2%**
Permanent	11,392	11,721	329	2.9%
Fixed-term contracts	1,993	2,092	99	5.0%
Portugal	12,418	12,633	215	1.7%
Other geographies	967	1,180	213	22.0%

Cash flow statement

€ million

	1H23	1H24	∆	∆%	2Q23	2Q24	∆	∆%
EBITDA	80.1	70.8	(9.3)	(11.6%)	39.2	36.7	(2.5)	(6.4%)
Non-cash items*	(0.9)	(7.9)	(7.0)	«	(1.3)	(5.1)	(3.8)	«
Specific items**	(9.1)	(2.6)	6.5	71.6%	(8.4)	(0.6)	7.7	92.6%
Capex	(11.3)	(15.2)	(3.9)	(34.8%)	(5.8)	(6.7)	(0.9)	(16.1%)
∆ Working capital	(3.2)	(25.1)	(21.9)	«	(12.4)	(12.9)	(0.5)	(3.8%)
Operating cash flow	**55.6**	**20.0**	**(35.7)**	**(64.1%)**	**11.5**	**11.4**	**0.0**	**(0.2%)**
Employee benefits	(8.3)	(8.5)	(0.2)	(1.9%)	(3.9)	(3.9)	0.0	(0.3%)
Tax	0.6	(0.9)	(1.5)	«	0.7	(0.8)	(1.5)	«
Free cash flow	**47.9**	**10.6**	**(37.4)**	**(77.9%)**	**8.3**	**6.7**	**(1.6)**	**(18.8%)**
Debt (principal + interest)	27.2	(72.3)	(99.5)	«	(7.6)	(17.3)	(9.8)	(129.1%)
Dividends	(17.9)	(23.3)	(5.5)	(30.5%)	(17.9)	(23.3)	(5.5)	(30.5%)
Acquisition of own shares	(0.2)	(9.8)	(9.7)	«	(0.2)	(2.8)	(2.6)	«
Disposal of buildings	0.0	0.1	0.0	»	0.0	0.0	0.0	»
Investments in associated companies and joint ventures	(0.7)	30.5	31.3	»	(0.7)	(1.9)	(1.2)	«
Change in adjusted cash	**56.3**	**(64.4)**	**(120.7)**	**«**	**(18.1)**	**(38.6)**	**(20.6)**	**(113.7%)**
∆ Liabilities related to Financial Serv. & others and Banco CTT, net[5]	(160.8)	(20.6)	140.2	87.2%	(220.0)	51.1	271.1	123.2%
∆ Other[6]	(15.7)	3.6	19.3	123.0%	(14.7)	1.7	16.3	111.3%
Net change in cash	**(120.2)**	**(81.4)**	**38.8**	**32.3%**	**(252.7)**	**14.1**	**266.8**	**105.6%**

*Impairments, Provisions and IFRS 16 affecting EBITDA.

**Specific items affecting EBITDA.

In 1H24, the Company generated an operating cash flow of €20.0m (-€35.7m; -64.1% y.o.y). The decrease in operating cash flow is primarily explained by the negative performance in terms of generated EBITDA (€70.8m; -11.6% y.o.y) and the negative evolution of working capital (-€21.9m). There was also a €7.0m increase in the weight of non-cash items at EBITDA level, as well as a €3.9m increase in investment, which stood at €15.2m in 1H24 against €11.3m in 1H23.

Capex stood at €15.2m (+€3.9m; +34.8% y.o.y). This evolution is justified above all by the investment made in the express & parcels business in Spain, particularly in sorters and mini-sorters. The CTT Group maintains its focus on improving IT systems, especially in Banco CTT, reinforcing its investment in IT systems to support the business.

In terms of working capital, in 1H24 was -€25.1m, essentially the result of the increase in the amounts to be recovered from VAT following the development of intra-EU operations (-€6.3m) as part of the express activity, the effect of the payment of commissions to credit intermediaries (-€5.9m) by 321 Crédito and the negative impact of investment-related items (-€5.9m) reflecting the high level realised in 4Q23. On the other hand, in 1H23 there was a positive effect (+€6.8m) associated with the recognition of revenue from the placement of public debt, which was not maintained in 1H24.

Adjusted cash was significantly affected by: (i) the settlement, at the beginning of January, of short-term financing and the payment of bank loans (-€72.3m), (ii) the payment of dividends (-€23.3m) and (iii) the sale of a 26.3% shareholding position in CTT IMO Yield, which translated into a receipt of €32.4m.

[5] 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.

[6] 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.

Consolidated statement of financial position

€ million

	31.12.23	30.06.24	Δ	Δ%
Non-current assets	2,354.7	2,405.7	51.0	2.2%
Current assets	2,402.0	2,985.9	583.9	24.3%
Assets	**4,756.6**	**5,391.6**	**635.0**	**13.3%**
Equity	**253.3**	**272.0**	**18.7**	**7.4%**
Liabilities	**4,503.4**	**5,119.6**	**616.3**	**13.7%**
Non-current liabilities	689.6	643.9	(45.8)	(6.6%)
Current liabilities	3,813.8	4,475.8	662.0	17.4%
Equity and consolidated liabilities	**4,756.6**	**5,391.6**	**635.0**	**13.3%**

The key aspects of the comparison between the **balance sheet** as at 30.06.2024 and that as at 31.12.2023 are as follows:

Assets grew by €635.0m, mainly due to the increase in debt securities at amortised cost (+€1,087.7m) and credit to banking clients (+€50.5m), partially offset by the decrease in other banking financial assets (-€494.2m) as a result of the reduction of Banco CTT's investments in central banks.

Equity increased by €18.7m following the net profit attributable to shareholders of the CTT Group in 1H24 in the amount of €19.8m, the acquisition of own shares in the amount of €9.8m, the payment of dividends amounting to €23.3m, and the recognition of non-controlling interests amounting to €32.4m following the sale of 26.3% of CTT IMO Yield.

Liabilities increased by €616.3m, mostly due to the increase in Banking clients' deposits and other loans (€681.1m), the decrease in short and long-term debt (-€50.6m) largely as a result of the settlement of short-term financing at the start of the year, and a decrease in debt securities issued at amortised cost (-€49.1m) following the withdrawals made.

Consolidated net debt

The key aspects of the comparison between the **consolidated net debt** as at 30.06.2024 and that as at 31.12.2023 are as follows:

Adjusted cash decreased by €64.4m (-20.9% y.o.y), as the positive performance of the operating cash flow (+€20.0m) offset the payment of employee benefits (-€8.5m; -1.9% y.o.y) and tax payments (-€0.9m). The settlement of short-term financing at the beginning of the year, the acquisition of own shares (-€9.8m), the payment of dividends (-€23.3m) and the receipt of €32.4m following the sale of 26.3% of CTT IMO Yield also contributed to this performance of adjusted cash flow.

Short-term & long-term debt decreased by €50.6m (-18.8% y.o.y), essentially due to the effect of the reduction in bank loans following the settlement of short-term financing and the payment of one of the tranches of long-term financing. On the other hand, there was an increase in lease liabilities (+€19.2m; +16.2% y.o.y).

€ million

	31.12.23	30.06.24	Δ	Δ%
Net debt	**(39.0)**	**(25.3)**	**13.7**	**35.2%**
ST & LT debt	**269.0**	**218.4**	**(50.6)**	**(18.8%)**
of which Finance leases (IFRS16)	118.3	137.5	19.2	16.2%
Adjusted cash (I+II)	**308.0**	**243.6**	**(64.4)**	**(20.9%)**
Cash & cash equivalents	**351.6**	**270.2**	**(81.4)**	**(23.1%)**
Cash & cash equivalents at the end of the period (I)	**315.2**	**230.2**	**(85.0)**	**(27.0%)**
Other cash items	36.4	40.0	3.6	9.9%
Other Financial Services liabilities, net (II)	**(7.2)**	**13.4**	**20.6**	**»**

Consolidated balance sheet with Banco CTT under equity method

€ million

	31.12.23	30.06.24	Δ	Δ%
Non-current assets	713.0	732.2	19.2	2.7%
Current assets	506.7	480.3	(26.4)	(5.2%)
Assets	**1,219.6**	**1,212.5**	**(7.1)**	**(0.6%)**
Equity	**253.4**	**272.1**	**18.7**	**7.4%**
Liabilities	**966.2**	**940.3**	**(25.8)**	**(2.7%)**
Non-current liabilities	333.8	336.1	2.4	0.7%
Current liabilities	632.4	604.2	(28.2)	(4.5%)
Equity and consolidated liabilities	**1,219.6**	**1,212.5**	**(7.1)**	**(0.6%)**

Consolidated net debt with Banco CTT under equity method

€ million

	31.12.23	30.06.24	Δ	Δ%
Net debt with Banco CTT under equity method	**177.3**	**196.5**	**19.2**	**10.8%**
ST & LT debt	**265.7**	**213.9**	**(51.8)**	**(19.5%)**
of which Finance leases (IFRS16)	114.9	133.0	18.1	15.7%
Adjusted cash (I+II)	**88.3**	**17.4**	**(70.9)**	**(80.3%)**
Cash & cash equivalents	**276.3**	**192.5**	**(83.8)**	**(30.3%)**
Cash & cash equivalents at the end of the period (I)	**276.3**	**192.5**	**(83.8)**	**(30.3%)**
Other cash items	0.0	0.0	0.0	74.7%
Other Financial Services liabilities, net (II)	**(188.0)**	**(175.1)**	**12.9**	**6.9%**

Liabilities related to employee benefits

€ million

	31.12.23	30.06.24	Δ	Δ%
Total liabilities	**173.5**	**176.7**	**3.3**	**1.9%**
Healthcare	154.2	153.1	(1.2)	(0.8%)
Healthcare (321 Crédito)	1.1	1.1	0.1	5.6%
Suspension agreements	11.4	15.5	4.0	35.4%
Other long-term employee benefits	4.7	4.6	(0.1)	(2.7%)
Other long-term benefits (321 Crédito)	0.2	0.2	0.0	5.4%
Pension plan	0.2	0.2	-0,0	(4.1%)
Other benefits	1.7	2.1	0.5	27.6%
Deferred tax assets	(49.4)	(49.9)	(0.5)	(1.0%)
Current amount of after-tax liabilities	**124.1**	**126.8**	**2.8**	**2.2%**

Liabilities related to employee benefits (post-employment and long-term benefits) stood at €176.7m in June 2024, up by €3.3m compared to December 2023.

These liabilities related to employee benefits are associated with deferred tax assets amounting to €49.9m, which brings the current amount of liabilities related to employee benefits net of deferred tax assets associated with them to €126.8m.

3

Other highlights

3. Other highlights

Postal regulatory issues

Within the regulatory framework in force since February 2022 and the Convention 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 2022, the prices of these services were updated on 1 February 2024. The update corresponds to an average annual price variation of 9.49%. The overall average annual price variation, also reflecting the effect of the update of special prices for bulk mail, is 8.91%.

Main ESG milestones achieved

CTT continued on its path towards achieving its ESG strategic goals, promoting decarbonisation, the diversity and well-being of the CTT people, proximity to the local community and a corporate governance of reference.

On the **environmental front**, the increase in overall carbon emissions (+12.4%) is the result of increased express activity. Even so, there was an improvement in the carbon footprint per item delivered.

In order to minimise the effects, investment has been made in replacing the combustion fleet so as to operate exclusively with electric vehicles in the last mile by 2030. Currently, CTT has 908 ecological vehicles, of which 763 operate in the last mile, corresponding to 24.0% of the total in this segment of its own fleet.

With regard to promoting the circular economy**,** CTT reinforced the incorporation of recycled materials in its mail, express & parcels offer, reaching the 87.1% mark.

This year, CTT extended the circularity process to other waste streams and made recycled distribution waistcoats for employees to wear, incorporating recycled fibre from old uniforms, in partnership with ToBeGreen.

In the **Social dimension**, the commitments made in the CTT Equality Plan, the EFR - Family-Responsible Company certification and the protocol with the Professional Women's Network Lisbon were continued. The commitment to the Portuguese Association for Diversity and Inclusion (APPDI) and CTT's participation in the working groups of the iGen Forum were also renewed.

Regarding gender parity, specifically in the Company's top management, the percentage of women in leadership positions increased to 41.5% (+1.6 p.p. compared to the 1st half of 2023).

In terms of work-related accidents involving CTT workers, 438 incidents were recorded in the period (+33% y.o.y), with no associated fatalities.

With the aim of promoting a positive impact on communities, CTT donations to social institutions totalled 542k euros, corresponding to 1.5% of recurring EBIT in the first half of the year.

More than 12,500 native trees were planted within the campaign "A Tree for the Forest" in partnership with Quercus.

A total of 12 volunteering activities were organised, with 751 participants. These initiatives strengthen the bonds within CTT teams, their involvement with the company culture and promote a positive impact on communities and the planet.

In the field of **Ethics and the organisation's good governance principles**, there were two meetings of the ESG Steering Committee and ESG Board Committee, where the new European guidelines on non-financial reporting were discussed.

The initiatives carried out and the results achieved led CTT to be honoured by the Carbon Disclosure Project (CDP) with the A- score in the Climate Change area and with 5th place worldwide in the Sustainability Measurement and Management System (SMMS) of IPC - International Post Corporation.

At a national level, CTT was honoured with the Caixa ESG - Transparency & Performance Award. The Company was also elected 'Recommended Brand' for the second year running in the Postal Mail category, achieving the best average Satisfaction Index and also reinforcing two of the pillars that characterise CTT so well: trust and the proximity maintained with its customers.

Share buyback programme

On 10 May 2024, CTT communicated to the market the conclusion of the Company's share buyback programme announced on 21 June 2023. Under this programme, 5,475,000 shares were acquired from 26 June 2023 to 9 May 2024 for a total amount of €19,978,144.

From 2022 to that date, CTT carried out two share buyback programmes for an overall amount of €41.6m, having acquired 11.560[7] million shares representing 7.71% of CTT's share capital prior to the two programmes[8]. Of these 11.560 million shares, 6.085[9] were cancelled, corresponding to the first programme.

The Annual General Meeting held on 23 April 2024 (AGM 2024) approved the cancellation of the 5.475 million shares acquired under the 2023 buyback programme and the corresponding reduction of the company's share capital.

Following this resolution, a reduction of CTT share capital was carried out as described in the Subsequent events section below.

Outlook for 2024

In the first half of 2024, CTT successfully continued on its path of transformation, achieving record volumes in the **Express & Parcels** segment. The increase in volumes, as well as the consequent gain in market share, was driven by the growth of the e-commerce market and the high capacity and quality of service derived from the investments made, which made it possible to incorporate new customers. The focus continues to be on expanding its presence in the Iberian express and parcels market in order to capitalise on the growing e-commerce trend in Portugal and Spain.

Banco CTT continues to increase the number of accounts, grow in business volume and profitability. Banco CTT will continue to invest in improving the customer experience (IT systems and new ways, including applications, of contact with the customer) with the aim of deepening and intensifying the relationship with the client and thus increasing engagement with current and future customers.

In **Financial Services**, a new feature was developed in the CTT app to make it possible to manage savings certificates digitally and more conveniently for customers. Public debt subscription volumes continue to be well below those for the years 2019 to 2021 (pre-Euribor rise), mainly due to the limits imposed by the Government. However, CTT remains confident that placement levels will tend to revert to normality, i.e. to the average observed prior to 2022-23, and recent statements by the Minister of Finance point to an improvement in the conditions of this product. CTT continues to grow in retail service products such as insurance (Generali) and health plans.

Finally, in **Mail**, a price increase was successfully implemented in 2024 in order to counter the natural downward trend in volumes due to increased digitalisation. The focus is still on controlling costs and selling business solutions to our customers.

The company remains attentive to inorganic growth opportunities that may arise, particularly in the logistics and fulfilment segments.

In this context, CTT's ambition for 2024 is to continue to grow, with consolidated revenues increasing by "mid-single digit". The strong growth of the Iberian Express & Parcels and Banco CTT business units will enable recurring EBIT, excluding Financial Services, to grow from €51m in 2023 to above €70m in 2024 (>36% y.o.y). On the other hand, if public debt placement levels remain under pressure, recurring EBIT from Financial Services should be around €10m instead of the normal level of €20m. In this context of public debt placement, CTT establishes a reference range of €80m to €90m for consolidated recurring EBIT.

CTT's balance sheet leverage offers growth optionality, including organic and inorganic. CTT will maintain the focus on costs and profitability while stepping up investments in E&P Iberia to keep improving competitive position.

The second half of 2024 should continue to be marked by high levels of uncertainty, both at (i) economic level, including a possible global slowdown, the evolution of inflation, and the consequent reaction of central banks with regard to interest rates; and (ii) geopolitical level, including conflicts in the Middle East and Europe, which should continue to pose risks to global supply chains.

[7] 6.085 million shares acquired under the programme announced on 16 March 2022 and concluded on 8 September 2022 and 5.475 million shares acquired under the programme announced on 21 June 2023 and concluded on 9 May 2024.

[8] The figure of 150.000 million shares is used as a reference and is equivalent to the shares issued prior to the implementation of the aforementioned programmes.

[9] These 6.085 million shares were cancelled on 7 November 2022 (4.650 million shares) and 21 April 2023 (1.435 million shares).

In addition, and in response to growing pressure from customers for less polluting solutions, CTT will continue to decarbonise its offer and focus on integrating solutions that create economic and environmental value.

Subsequent events

Following the above-mentioned resolution of the AGM 2024, on 17 July 2024, the Company reduced its share capital in the amount of €2,737,500.00 through the cancellation of 5.475 million own shares representing 3.80% of CTT's share capital and which were acquired within the framework of the share buyback programme carried out from 26 June 2023 to 9 May 2024.

Hence, CTT's share capital currently stands at €69,220,000.00, represented by 138,440,000 shares with a nominal value of fifty cents per share.

On 19 July 2024, the Executive Committee, based on the delegation of powers granted by the Board of Directors at the meeting of 20 June 2024 and within the maximum pecuniary amount defined in that delegation, in the amount of 25 million Euros, and the resolution adopted at the Annual General Meeting of Shareholders held on 23 April 2024, approved a share buyback programme to be carried out from 22 July 2024, with the sole objective of reducing CTT's share capital through the cancellation of own shares acquired within its scope, as communicated to the market on 19 July 2024.

On 22 July 2024, transactions began under the share buyback programme announced on the 19th of the same month, so that on 25 July 2024, the date of the last transactions carried out and disclosed to the market, the Company held an accumulated total of 1,356,362 own shares, representing 0.98% of the share capital, including 1,288,483 own shares previously held.

Final Note

This press release is based on CTT – Correios de Portugal, S.A. interim condensed consolidated financial statements for the 1st half of 2024.

Lisbon, 29 July 2024

The Board of Directors

This information to the market and the general public is made under the terms and for the purposes of article 29-Q of the Portuguese Securities Code. It is also available on CTT website at: **https://www.ctt.pt/grupo-ctt/investidores/comunicados/index?language_id=1**

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