

A future connecting people and companies, committed to deliver



Integrated Report
1st Half 2022

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01

Introduction to CTT



1.1 Key Figures

1.2 External Awards and Distinctions

A future in innovation

1.1 Key Figures

1.1.1 Economic and financial indicators

€ thousand or %, except where otherwise indicated

	1H21	1H22	Δ 22/21
Revenues ¹	412,784	446,429	8.2%
Operating costs EBITDA ²	355,476	395,983	11.4%
EBITDA ³	57,307	50,446	-12.0%
Depreciation & amortization ⁴	28,613	31,802	11.1%
Recurring operating costs	384,089	427,785	11.4%
Recurring EBIT	28,694	18,644	-35.0%
Specific items	(2,316)	(2,070)	10.6%
Operating costs	381,773	425,715	11.5%
EBIT	31,011	20,714	-33.2%
EBT	25,660	16,063	-37.4%
Net profit before non-controlling interests	17,255	14,564	-15.6%
Net profit for the period ⁵	17,187	14,549	-15.3%
Earnings per share (euro) ⁶	0.11	0.10	-9.1%
EBITDA margin	13.9%	11.3%	p.p.
Recurring EBIT margin	7.0%	4.2%	p.p.
EBIT margin	7.5%	4.6%	p.p.
Net profit margin	4.2%	3.3%	p.p.
Capex	11,734	11,972	2.0%
Operating cash flow	37,829	18,973	-49.8%
Free Cash flow	31,298	3,840	-87.7%
	'31.12.21	'30.06.22	Δ 22/21
Cash and cash equivalents	877,873	847,268	-3.5%
Own cash	142,265	104,920	-26.3%
Assets	3,585,199	3,873,408	8.0%
Equity	174,546	191,625	9.8%
Liabilities	3,410,653	3,681,783	7.9%
Share capital	75,000	75,000	0.0%
Number of shares	150,000,000	150,000,000	0.0%

¹ Excluding specific items.

² In 2021, operating costs (EBITDA) include impairments and provisions; also, the impact of the leases covered by IFRS 16 is presented pursuant to this standard.

³ Excluding depreciation & amortization and specific items.

⁴ Depreciation & amortization were positively impacted in 2021 by the revision of the useful life of some assets.

⁵ Attributable to equity holders.

⁶ Considering the average number of ordinary shares that make up CTT's capital excluding the average number of own shares held by the Group on 30 June 2022. On that date the number of own shares held was 5,707,722, and the average number in the period ended 30 June 2022 is 1,372,343, reflecting the fact that there were acquisitions in that period.

1.1.2 Operating Indicators

	1H21	1H22	Δ 22/21
Mail			
Addressed mail volumes (million items)	249.8	240.0	-3.9%
Transactional mail	216.0	206.6	-4.4%
Editorial mail	14.7	13.9	-5.4%
Advertising mail	19.1	19.5	2.1%
Unaddressed mail volumes (million items)	222.1	208.1	-6.3%
Express & Parcels			
Portugal (million items)	16.2	15.2	-6.2%
Spain (million items)	20.4	19.7	-3.4%
Financial Services			
Payments (number of transactions; millions)	854.6	789.9	-7.6%
Savings and insurance (subscriptions; €m)	2,342.7	2,155.2	-8.0%
Banco CTT			
Number of current accounts	543,230	580,722	6.9%
Customer deposits (€k)	1,906,651.6	2,259,584.9	18.5%
Savings book, net (off balance sheet)	549,457.3	840,458.2	53.0%
Mortgage loans book, net (€k)	564,048.5	629,289.1	11.6%
Auto loans and leasing book, net (€k)	602,346.8	702,824.7	16.7%
Universe credit card book, net (€k)	185,496.7	324,116.1	74.7%
Off balance consumer credit production (€k)	19,247.0	23,812.7	23.7%
Payments (number of transactions; millions)	20.0	22.2	11.0%
LTD (including 321 Crédito)	70.7 %	73.4 %	2,7p.p.
Number of branches	212	212	0.0%
Cost of risk	110.0 bp	132.8 bp	22.8 bp
Staff			
Staff as at 30 June	12,261	12,803	4.4%
FTE	12,164	12,598	3.6%
Retail, Transport and Distribution Networks			
CTT access points	2,374	2,381	0.3%
Retail network (post offices)	566	570	0.7%
Postal agencies	1,808	1,811	0.2%
Payshop agents	5,241	5,314	1.4%
Postal delivery offices	223	220	-1.3%
Postal delivery routes	4,576	4,246	-7.2%
Fleet (number of vehicles)	3,925	3,974	1.2%

1.1.3 Sustainability Indicators

	1H21	1H22	Δ 22/21
Customers			
Customer satisfaction (%)	84.5	84.8	0.3 pp
Staff			
Number of accidents	380	346	-8.9%
Training (hours)	104,364.0	83,569.0	-19.9%
Women in management positions (1 st level) (%)	13.0	14.6	1.6 pp
Community/Environment			
Value chain - contracts with environmental criteria (%)	98.6	98.6	0.0 pp
Total CO ₂ emissions, scopes 1 and 2 (kton.) ⁷	8.0	7.9	-1.6%
Energy consumption (TJ) ⁸	179.2	180.1	0.5%
Eco-friendly vehicles	336	497	48.0%
Weight of Eco product range in Direct Mail line (%) ⁹	44.3	42.5	-1.8 pp
Environmental investment (€k) ¹⁰	2,364.6	3,145.4	33.0%
Investment in the community (€k)	273.0	325.0	19.0%

⁷ Update of 2021 data. Provisional 2022 figures. Including green energy and energy production by solar panels.

⁸ Update of 2021 data. Provisional 2022 figures. Including green energy and energy production by solar panels.

⁹ Volumes.

¹⁰ Estimated data of 2021.

1.2 External Awards and Distinctions

Banco CTT wins the Five Stars award again

Banco CTT was considered "Five Stars" by the Portuguese, in the category "Banking – Customer Service". This award was given by U-Scout Lda, which evaluated Banco CTT together with five other banking institutions.

APCC Quality Seal

CTT Contact Center maintained the APCC Quality Seal for 2022, after a follow-up audit in April of this year. The APCC Quality Seal, established in 2010, distinguishes the best contact centre services operating in Portugal. The Portuguese Association of Contact Centres aims to encourage companies in the sector to adopt good management practices, to contribute to improving the image and credibility of the sector, and to promote their self-regulation.

CTT Contact Center awarded silver medal

APCC, the Portuguese Contact Center Association awarded CTT Contact Center with the silver medal for the CTT Support Line for Companies and bronze for the CTT Support Line for Private Customers, in the Distribution and Logistics category. The award was announced during the APCC Best Awards 2021 International Conference. This distinction recognises good practices, both in terms of strategic, operational and technological management and in terms of human capital.

NewSpring Services also awarded

During the 19th APCC Best Awards 2022 International Conference, the APCC also distinguished NewSpring Services, a company recently acquired by the CTT Group, with the "Gold" awards, in Multicare (health insurance), and "Silver", in Fidelidade (insurance company).

CTT Reusable ECO Packaging distinguished with an honourable mention in the National Sustainability Award

The pilot project CTT Reusable ECO Packaging, launched in 2021, was distinguished with an honourable mention in the ceremony of the 3rd edition of the National Sustainability Award, promoted by Jornal de Negócios. This is the largest editorial initiative in Portugal and rewards organisations that stand out for their performance and good sustainability practices in the environmental, social and governance areas.

Euronext Lisbon Awards

CTT was distinguished as "Equity Champion - SME" in the Euronext Lisbon Awards. The award recognised the Portuguese company with market capitalisation below one billion euros that provided the highest return to its investors during 2021.

CTT recognised as one of the brands with the best reputation

CTT was ranked as one of the brands with the best reputation in the RepScore Study referring to 2021. On a scale of 100 points, this study by the consultancy firm OnStrategy, highlighted the CTT brand, with 73.3 points, as the brand with the highest relevance and emotional reputation among the Portuguese in the Professional Services category.

CTT continues to be the Trusted Brand of the Portuguese

CTT was for the 15th 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 89% of the votes. This study also found a very positive result in the brand attributes analysed: quality, social commitment and environmental concern.

Collar of Honour for Meritorious Entity

The Portuguese Academy of History awarded CTT the Collar of Honour for Meritorious Entity, in recognition of the partnership that has existed between the two institutions for many years.

CTT as one of the most attractive companies to work for

CTT won 1st place in the category "Most Attractive Company to Work for in the Transport Sector", in the Randstad Employer Brand Research 2022 survey. The Randstad Employer Brand Research is a survey that analyses the population's perception of the 150 largest employers in 31 countries. In addition to revealing the ranking of the most attractive companies and sectors to work for, it allows the identification of the most relevant criteria in an employment decision and the best strategies for employer branding management.

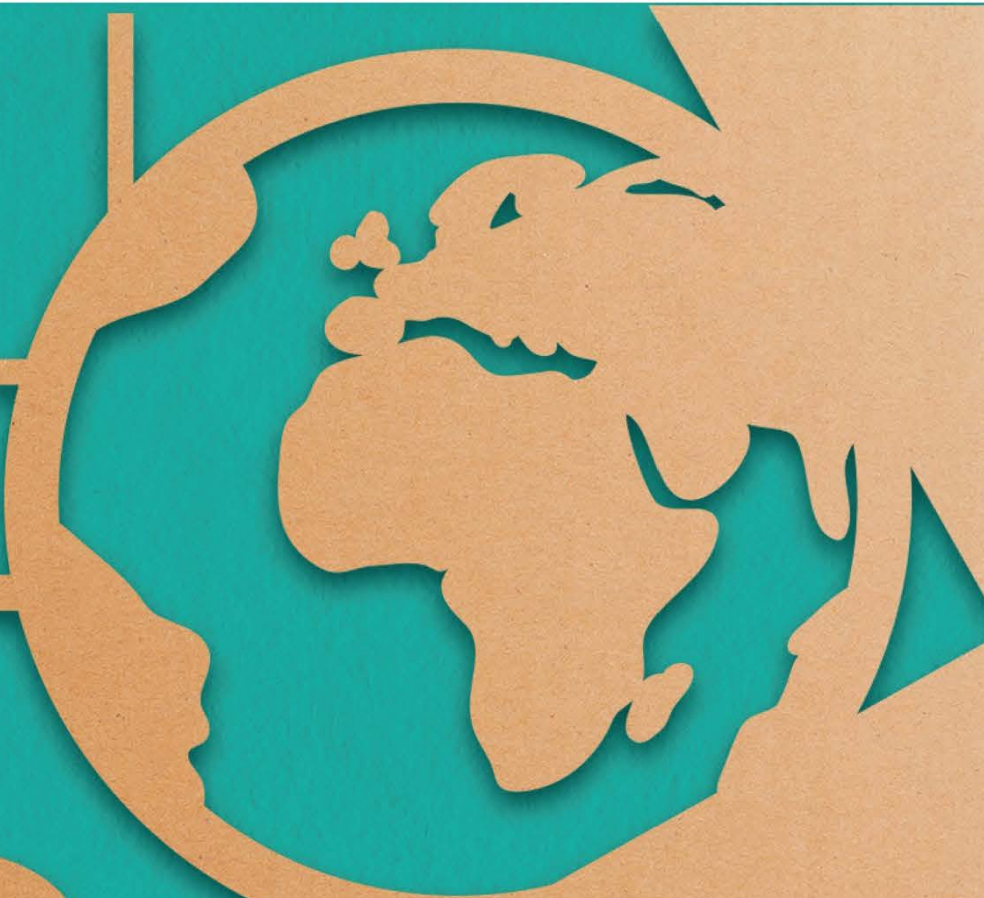
Best Investor Relations Officer Award

Nuno Teiga Vieira, CTT's Investor Relations Director, won the Best Investor Relations Officer award in the Investor Relations and Governance Awards (IRGAwards), in recognition for the work carried out in the company. The IRGAwards are an initiative promoted by the consultancy firm Deloitte, which awards the people and organisations that have contributed the most and best to making the capital market more efficient, transparent, socially responsible and useful to the Portuguese economy and society.

ctt
Express



ctt
Express



02

Strategic Background



- 2.1 Regulatory Framework**
- 2.2 Strategic Lines**
- 2.3 Sustainable Development Goals**
- 2.4 Corporate Ethics**
- 2.5 Risk Management**

A future in Iberia

2. STRATEGIC BACKGROUND

2.1 Regulatory Framework

2.1.1. Postal sector

On 23 December 2021, the Council of Ministers communicated the approval on that date of the decree amending the legal framework applicable to the provision of postal services in Portugal. The corresponding decree was promulgated on 5 February 2022 and Decree-Law no. 22-A/2022 was published on 7 February 2022. The new concession agreement thus came into force and will have a duration of approximately seven years – until 31 December 2028.

This framework improves the decision-making mechanisms and provides clear criteria to guarantee the provision of the universal postal service under sustainable economic conditions, promoting a better balance between the continuity of the postal service provision and the reinforcement of the Company's capacity to face the challenges of digital transition, pursuing the consistent implementation of its transformation process. For reasons of general interest, only the following activities and services have remained reserved to the concessionaire: sitting of letter boxes on the public highway intended for the deposit of postal items, issue and sale of postage stamps bearing the word Portugal and the registered mail service used in court or administrative proceedings.

The concession agreement sets out that, for the year 2022, which will be the transition period, the prices of the services included in the universal postal service offer to be implemented by CTT shall respect a maximum annual average variation of 6.80%, which considers the decline in mail volumes observed in the first nine months of 2021 and the variation of the Consumer Price Index for the Transport expense category, as communicated by the National Statistics Institute for the month of October 2021. The pricing proposal was submitted to ANACOM on 28 February and the new prices entered into force on 7 March 2022, without prejudice to the evaluation to be carried out by ANACOM, in accordance with the provisions of said agreement.

The special prices of the postal services included in the universal postal service offer applicable to bulk mail senders were also updated on 7 March 2022 following the information sent to ANACOM on 28 February 2022.

The aforementioned updates correspond to an average annual price variation of 5.84% for the year 2022.

While some impacts of the pandemic still persist in 2022, CTT continued to periodically report the status of the postal network to the Government, as a counterparty in the agreement, and to ANACOM, the regulatory authority responsible for overseeing the provision of the universal postal service until 21 February 2022.

By deliberations dated 6 May 2022 and 6 July 2022, ANACOM granted CTT's requests regarding the deduction of the records of mail items in all national flows directly affected by the COVID-19 pandemic in the 2nd half of 2021, for the purposes of calculating the Quality of Service Indicators (QSI) of the year 2021, and in the months of January and February 2022, for the purposes of calculating the QSI of the year 2022.

In the 1st half of 2022, work was carried out leading to the definition of the criteria to be followed in the pricing of the postal services within the basket of the universal postal service for the three-year period 2023-2025, in accordance with the provisions of Article 14(4) of Law 17/2012 of 26 April (Postal Law), as amended by Decree-Law 22-A/2022 of 7 February.

Pursuant to the law, the pricing criteria for the USO are defined by agreement between the regulator of the sector (ANACOM), the Consumer Directorate-General (DGC) and the universal service provider (CTT) for periods of three years. In case of agreement, the convention must be concluded, signed by the parties and notified to the member of Government responsible for the area of communications by 30 July of the year preceding that to which the criteria are to apply.

Following the negotiation process conducted by the parties (ANACOM, DGC and CTT), agreement was reached in principle on a draft text for the Convention to be concluded for the period 2023-2025, which was under public consultation until 15 July 2022. Subsequently, the Convention in its final wording was signed by the parties and is to be notified to the Government by the deadline set for this purpose.

The Convention covers the same services which in the previous legal framework were the subject of ANACOM's decisions on the pricing criteria for the universal postal service, thus covering letter mail, parcels and newspapers and periodicals services which are part of the USO offer, including registered mail services used in legal or administrative proceedings, and not applying to special prices of postal services for bulk mail senders (subject to the specific regime provided for in article 14-A of the Postal Law).

The highlights of the pricing regime of the services covered by the Convention are:

- The set-up of a maximum annual variation of the prices of the basket of services covered by the Convention, which will be ascertained as per the following formula:
$$\text{CPI} - \Delta\text{Volumes} * (1 - \text{VC}) - \text{E} + \text{K}.$$

The referred maximum annual price variation thus takes into consideration historical figures relative to the inflation rate (CPI) in the last 12 months, the variation in volumes ($\Delta\text{Volumes}$) excluding an indicator of the weight of variable costs (VC) in total costs associated to the SPU (value defined at 16% for each year) and an efficiency factor (E) associated to CTT's activity within the USO (value defined at 0.5 percentage points for each year). In the event of significant contextual changes related to the conditions for the provision of the universal postal service, the application of an additional factor (K) is foreseen, the value of which shall be determined by agreement, upon proposal of any of the parties that integrate the Convention.

- The definition for each price of a maximum annual variation of 15% and a maximum overall variation of 30% for the whole three-year period of the Convention.
- The setting of a maximum annual variation of 4 cents for the price of ordinary domestic mail up to 20 grams, used by the occasional segment.
- The continued application of the principle of uniform tariffs, with the application of a single price throughout the territory, to domestic letter mail items up to 50 grams sent by users in the occasional segment and in registered mail items of the service of judicial and other postal notifications weighing up to 50 grams.
- The provision by CTT, free of charge, in the national and international service, of mail dispatches for the blind and partially sighted, with the exception of airmail surcharges, if any.

On 28 June 2022, CTT was notified of ANACOM's decision which granted CTT's application deferring the date for the entry into force of ANACOM's decision of 29 April 2021 on the delivery of postal items at premises other than the domicile to 1 January 2023.

2.1.2. Financial sector

Two years after the start of the COVID-19 pandemic crisis, the European and national regulatory agenda is no longer marked by the issuing of diplomas to address the pandemic context.

At national level, Banco de Portugal began by issuing a macro-prudential measure in the form of a recommendation on the convergence of the average maturity of new housing credit contracts to 30 years. With this recommendation, limits were set on the maximum maturity of new mortgage operations according to the age of the borrowers.

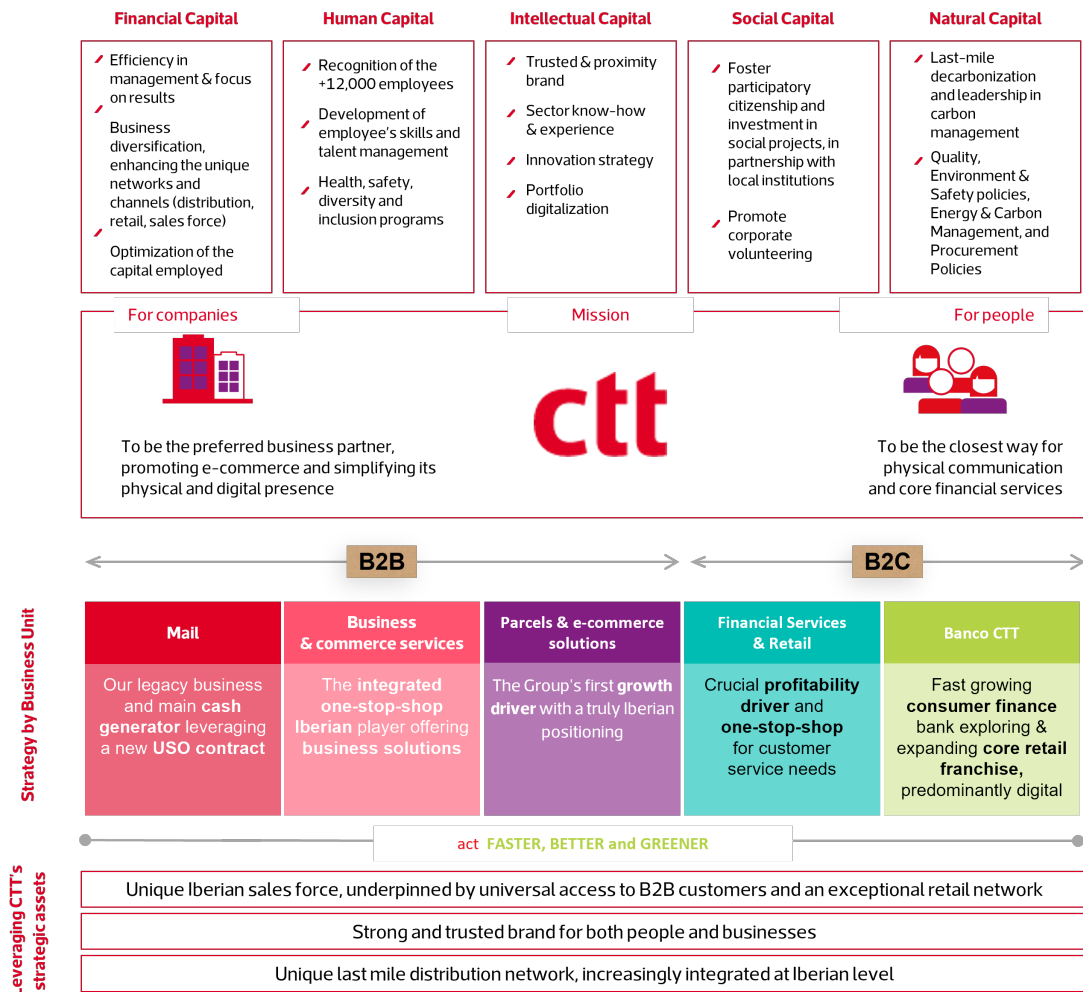
Given the existing geopolitical and economic context, Banco de Portugal issued a Circular Letter regarding expectations and recommendations on cybersecurity and operational resilience, reinforcing the need for all supervised institutions to have solid internal governance structures and adequate processes for monitoring the risks to which they are or may be exposed, including cyber risks, and listing a set of requirements that institutions must adopt to ensure operational resilience.

Later, with the outbreak of the armed conflict in Ukraine, the European Banking Authority (EBA) issued a notice to credit institutions to provide payment accounts with basic features to displaced Ukrainian citizens. Following this, the Banco de Portugal has communicated to credit institutions operating in national territory that they should provide these citizens with minimum bank services accounts as a first alternative when applying for an account. In addition, the adoption of simplified measures of identification and diligence in the opening of current accounts for these citizens was recommended.

Finally, the first half of 2022 ended with the publication by the Insurance and Pension Funds Supervisory Authority (ASF) of Regulatory Standard No. 6/2022-R on the security and governance of information and communication technology and outsourcing to cloud computing service providers, following the publication by the European Insurance and Occupational Pensions Authority (EIOPA) of Guidelines in the same direction. This regulatory standard reinforces the need to prepare institutions, in the provision of insurance services, against possible security incidents. The ASF thus establishes requirements and general principles that should govern the development of governance and security mechanisms in this area.

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 Sustainable Development Goals




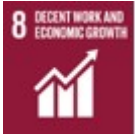




The United Nations Sustainable Development Goals (SDG) reflect 17 priority topics, at a global level, for the preservation of the planet and the dignity of human beings.

In addition to aligning its environmental management strategy with the SDG considered priority for the sector in an IPC – International Post Corporation survey, CTT has mapped and prioritised the eight SDG for its value chain, using the SDG Compass methodology developed by the WBCSD, UN Global Compact and GRI.

CTT also endorses the Ten Principles of the United Nations Global Compact concerning Human Rights, Labour Practices, Environmental Practices and Anti-Corruption, expressing its intention to support and disseminate these principles in its sphere of influence and to ensure that the Ten Principles are reflected in the strategy, culture and daily operations of the organisation.

In addition to its internal operations, CTT is committed to engaging in cooperative projects that promote the most far-reaching development goals.

At the beginning of each chapter in this report, there is a list of the SDGs that are addressed in responding to the specific challenges covered in that chapter. The table below presents the level of performance in the 1st half of 2022 in relation to the eight goals prioritised by CTT.

	<p>Good Health and Well-Being</p> <p>Focus on road accident and prevention goals</p> <p>8.9% fewer incidents occurred in the 1st half of 2022 than in the same period of 2021.</p>		<p>Quality education</p> <p>Focus on training goals in response to employee needs</p> <p>More than 83k hours of training were carried out during the period under review.</p>
	<p>Affordable and clean energy</p> <p>Focus on renewable energy and energy efficiency goals</p> <p>100% of the electrical energy consumed is produced through renewable sources.</p>		<p>Decent work and economic growth</p> <p>Focus on the goals for working conditions and support to SMEs, especially in local trade</p> <p>"Voice of the Employee" and "Voice of the Management" surveys were carried out with a view to certification as a Family-Responsible Company.</p>
	<p>Sustainable cities and communities</p> <p>Focus on electric and smooth mobility and carbon neutral offer</p> <p>124% increase in the number of kilometres travelled in electric vehicles.</p>		<p>Responsible consumption and production</p> <p>Focus on the eco portfolio and the production of the circular economy</p> <p>the eco-friendly product range represents 41.7% of the Direct Mail business line.</p>
	<p>Climate Action</p> <p>Focus on carbon management, in the compliance with international standards and environmental education</p> <p>CTT decarbonisation programme and SBT targets aligned with the ambition to limit global warming to 1.5°C.</p>		<p>Peace, Justice and Strong Institutions</p> <p>Focus on anti-corruption and bribery, governance and ethics, and engagement with stakeholders</p> <p>Banco CTT has a policy of Prevention of Money Laundering and Terrorist Financing. No significant risks related to corruption were identified in the assessments carried out.</p>

2.4 Corporate Ethics

The CTT Group's operating principles include a set of ethical values that are reflected in its Code of Conduct, comprising the individual conduct rules to be observed within the CTT Group in the relationships established both in-house and with external stakeholders.

Noteworthy is also the "Code of Good Conduct for the Prevention and Combat of Harassment", which recognises the importance of the measures therein to promote a healthy working environment that raises the dignity of all employees.

The Ethics Committee is responsible for monitoring and supervising the application of those rules, as well as assessing any reports of irregularities relating to situations of non-compliance with standards of conduct. In the first half of 2022, only one communication was analysed, which concluded that there was no conduct in breach of the standards invoked.

In the field of anti-corruption, CTT has procedures in place for the identification of active and passive perpetrators of situations of bribery and corruption with a view to their legal and criminal framing, whereby whistleblowing and complaints are investigated, as well as procedures and practices that cause or configure irregular and corrupt behaviours are analysed. A programme of regulatory compliance is being implemented, with a view to preventing, detecting and punishing acts of Corruption and Related Infractions, in accordance with the General Regime for the Prevention of Corruption (RGPC), approved by DL 109-E/2021 of 9 December.

In alignment with the legislation and regulations preventing money laundering and the financing of terrorism, a set of preventive procedures are in place, and in the 1st half of 2022, 24 communications were reported to the competent authorities (the Central Department of Investigation and Penal Action of the Attorney General's Office and the Financial Intelligence Unit of the Judicial Police), involving financial operations amounting to around €2.3 million.

Following investigative actions, two employment contract terminations occurred (a permanent employee for appropriation of client's money and a fixed-term contract employee for theft/tampering of items).

All the operations of Banco CTT are submitted to risk assessment. The customers and transactions made are analysed according to the risk they might represent in terms of use of the Bank for purposes of money laundering or terrorist financing (which includes the crime of corruption).

The relevant relations with financial and non-financial counterparts are also subject to a due diligence process which seeks to prevent the conduct of business with entities that show risks of money laundering or might represent reputation risks, due to being involved in financial crimes or associated to practices of corruption.

Banco CTT has an Anti-Money Laundering and Terrorist Financing policy and a series of processes and procedures aimed at assuring compliance with the legal requirements and mitigating the risks of the Bank being used for these purposes. Annually, a team of external auditors conducts an assessment of these processes and procedures and efficacy tests. No significant risks related to corruption were identified in the assessments made.

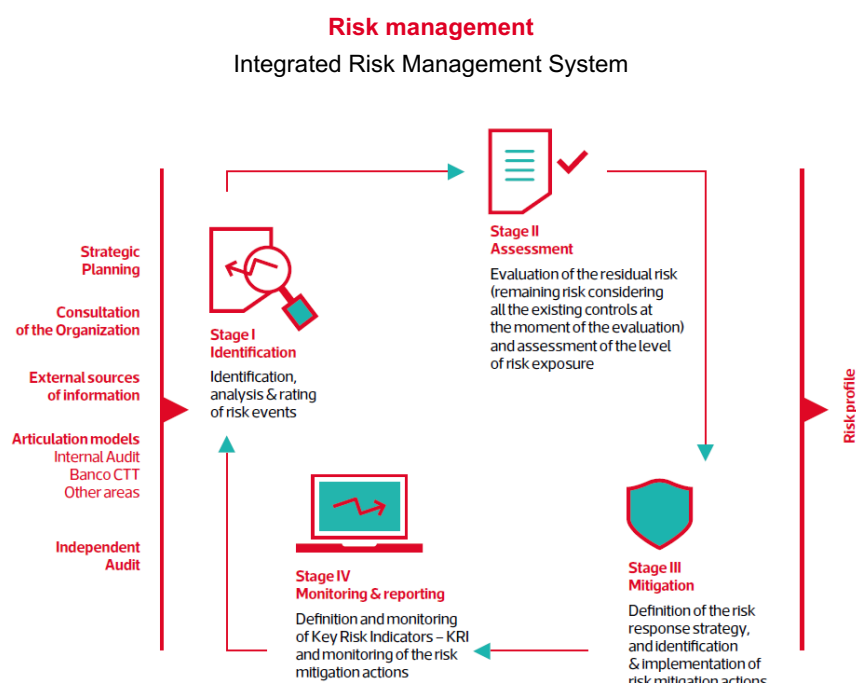
2.5 Risk Management

2.5.1 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.

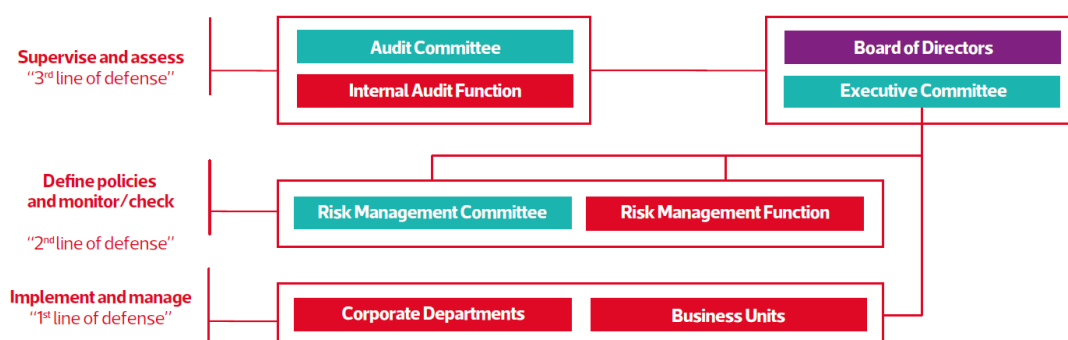
The **level of exposure to risk** arises from the combination of its probability and impact. During Stage III, if the level of exposure to a particular risk is higher than the stipulated appetite, corrective or mitigating actions are defined and implemented, aimed at reducing the exposure, by lowering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

2.5.2 Identification of risks and CTT response

During the 1st half of 2022, 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 continued to focus on strengthening technological security controls and on training its employees on good teleworking practices and cybercrime awareness.</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 and to launching a series of ESG incentives within the organisation.</p>
	<p>Slowdown of economic recovery Category: Demand risk</p> <p>Although the Portuguese economy maintained a growth rate above that expected at the beginning of 2022, expectations of a rapid and total economic recovery after the pandemic crisis were shaken by the start of the conflict in Ukraine, which intensified the inflationary pressures that had already been occurring, with particular reflection on the price of energy goods. The drop in households' real income will tend to affect the recovery of consumption with potential impacts also on the demand for CTT's goods and services. In case a recession scenario materialises, CTT has several tools and strategies that aim to ensure the necessary flexibility to manage the respective impacts.</p>
	<p>Regulatory changes Category: Regulatory risk</p> <p>As the Universal Postal Service provider, CTT operates in a regulated environment and is subject to a significant number of legal and regulatory requirements concerning pricing, the parameters of the provision of the USP and quality of service. The change of these requirements, their application or their interpretation may determine a significant reduction of the margin associated with products and services under the Universal Postal Service and the consequent adverse effect on CTT's results. The new Universal Postal Service concession agreement entered into force in February. In the following months, a negotiation process took place between CTT, ANACOM (Portuguese authority for communications) and DGC (Competition Directorate-General), which resulted in an agreement in principle regarding the draft pricing convention of the Universal Postal Service.</p>

Business affected

Risk and CTT response



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 (a situation that is still being normalised) 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 have led to a continuous decline of postal volumes over the last decade. The effects of the pandemic on the economy further accelerated this trend, with demand for mail services reaching historic lows. Regardless of the uncertainty that may still exist as to the pace of mail volume decline in the post-pandemic context, CTT is already rethinking the current operational models in order to adapt them to substantially lower volumes, always keeping in mind a logic of business sustainability.



Supply chain disruptions
Category: Business continuity risk

Over the past two years, global supply chains have been pushed to the limit, revealing the weaknesses of complex systems that can affect any company anywhere in the world. With demand levels returning to pre-pandemic levels, supply chains were again under enormous pressure, a fact aggravated by the beginning of the conflict in Ukraine (which made certain types of raw materials scarce) as well as by the adoption of the zero-Covid policy in China. CTT has been very attentive to this situation, seeking whenever possible to diversify its suppliers and managing in a more conservative manner the stock levels of the most critical materials.

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03

CTT Business Units



3.1 Mail

3.2 Express & Parcels

3.3 Banco CTT

3.4 Financial Services & Retail

3.5 Future Perspectives

A future in e-commerce

3. CTT BUSINESS UNITS

3.1 Mail

Mail & Other revenues amounted to €241.6m in 1H22, which corresponded to a year-on-year growth of €24.0m (+11.0% y.o.y).

The growth registered in this business unit was catalyzed by the **business solutions** segment (+€34.6m) reflecting the integration of NewSpring Services in CTT's Business Solutions base offer in September 2021 (+€11.9m) and the €22.7m growth of the business solutions base largely explained by the revenue related to a laptop sale project started in the last quarter of 2021 (+€21.5m).

In 1H22, mail service revenues registered a variation of -5.0% (-€10.4m) compared with 1H21, penalized by the strong decrease in the revenues of **international inbound mail** (-€10.8m; -53.5%).

It should be noted that in 1H22 addressed mail volumes, excluding international inbound mail, declined only by 2.2% in comparison with 1H21, which had never occurred in the last 5 years. The associated revenues grew by 1.0%. This situation resulted from the good performance of the business channel, which mitigated the decline in activity in the retail channel due to the reduced demand for e-commerce small packets, which resulted in pressure on the average price due to the mix effect between the business channel and the retail channel, with a higher unit value.

The growth in the revenues of **registered mail** (+€4.0m; +6.6% y.o.y), **priority mail** (+€0.2m; +5.8% y.o.y) and **international outbound mail** (+€2.9m; +14.7% y.o.y) should be highlighted, although without the additional revenue in the month of February due to the rerun of the legislative elections in the European constituency, they would have slightly decreased by €0.6m (-3.2%).

The remaining business lines posted decreases: **ordinary mail** (-€3.9m; -5.3% y.o.y), **green mail** (-€1.0m; -19.8% y.o.y), **editorial mail** (-€0.4m; -6.6% y.o.y), **advertising mail** (-€0.3m; -3.7% y.o.y), **parcels** (-€0.4m; -11.1% y.o.y), **philately** (-€0.3m; -10.3% y.o.y) and **other mail products and services** (-€0.1m; -8.7% y.o.y).

Business solutions recorded revenues of €41.8m (+€34.6m) due to the consolidation of NewSpring Services (+€11.9m) and the revenues related to the laptop sales project (+€21.5m) in 1Q22. Excluding these effects, the revenues have grown by 17.4% y.o.y, as a result of the continued focus on diversifying the offer and strengthening existing skills.

Also noteworthy within the business solutions segment are: (1) the growth of the document management business, with the attraction of new clients, namely utilities, banking and services and new municipalities for the solution of management of administrative offences; (2) the launch at the end of May of a new version of the e-Carta hybrid mail product, which allows small and medium-sized enterprises to digitalise their mail dispatch processes; and (3) the reinforcement of the IT equipment offer and the launch of a new stationery catalogue, consolidating CTT's strategy of becoming the partner of reference, in a "one-stop-shop" logic, for national companies.

On 7 March, the new 2022 prices for postal services provided in the scope of the universal service came into force, set out in accordance with Law 17/2012, of 26 April, as amended by Decree-Law 22-A/2022, of 7 February (Postal Law).

In 1H22, the average variation in prices of the universal postal service¹¹ was 4.93% y.o.y.

¹¹ Including letter mail, editorial mail and parcels of the universal postal service, excluding international inbound mail.

Mail volumes

In 1H22, **addressed mail** volumes posted a decline of 3.9% compared to 1H21.

Mail Volumes

	1H21	1H22	Δ	2Q21	2Q22	Δ
	Million items					
Transactional mail	216.0	206.6	-4.4%	108.9	102.1	-6.2%
Advertising mail	19.1	19.5	2.1%	9.0	11.2	24.4%
Editorial mail	14.7	13.9	-5.4%	7.5	7.0	-6.7%
Addressed mail	249.8	240.0	-3.9%	125.4	120.3	-4.1%
Unaddressed mail	222.1	208.1	-6.3%	130.1	98.2	-24.5%

Transactional mail volumes declined by 4.3% y.o.y, due to more marked declines in **international inbound mail** (-36.3% y.o.y). This downward trend has been observed since 2H21 due to the entry into force as of 1 July 2021 of the abolition of the VAT exemption on postal items below €22 ("de minimis"), leading to the need for customs clearance of all items of extra-EU origin containing goods, which resulted in an increase in customs transit times.

In the opposite direction, **registered mail** grew (+8.7% y.o.y), driven by the dynamics of contractual customers, especially the government and services sector, as did **international outbound mail** (+7.7% y.o.y), impacted by the effect of the rerun of the elections in the European constituency. Excluding this effect, there would have been a decrease of 4.4% y.o.y.

In 1H22, **addressed advertising mail** volumes increased by 2.4% and **unaddressed advertising mail** decreased by 6.3%.

A new CTT Ads Creativity solution was launched, in partnership with the Milford agency, for the strategic and creative development of communication campaigns. The "CTT Ads Success Stories" campaign continued, with the aim of boosting the advertising offer among clients with online businesses, to promote trial of advertising solutions.

Eco 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 the decline in absolute terms, 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 2022, the eco range maintained its relative weight (42.5%) in the domestic volume of Direct Mail, involving around 8.3 million items.

Philately

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

Commemorative philatelic issues 2022	
<ul style="list-style-type: none"> Portuguese Faces at the UN 100 Years of the First South Atlantic Air Crossing Figures from Portuguese History and Culture 175 Years of the Grémio Literário 250th Anniversary of the Pombaline Reform of the University of Coimbra Europa - Stories and Myths Blessed Charles - Emperor of Austria, King of Hungary and Bohemia 	National and International Events
<ul style="list-style-type: none"> Hunting in Portugal (2nd group) The Seahorses from Ria Formosa Epic Fishing Campaigns 	Environment and Sustainability
<ul style="list-style-type: none"> International Year of Basic Sciences for Sustainable Development Numismatics Self-adhesive stamps (3rd group) Personalized Stamps <ul style="list-style-type: none"> Fantastic Beasts Benfica - 60 Years of the European Champions Cup (2nd group) Friday 13th – Witches Night 	Self-adhesive

Book editions
<ul style="list-style-type: none"> Catalogue 200 CTT Editions Family Life at the Table 1914-1945 Epic Fishing Campaigns

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 €122.7m in 1H22, a year-on-year decrease of €3.1m (-2.5%).

It should be noted that 1Q22 was impacted by a difficult year-on-year comparison, as 1Q21 was a quarter affected by the effect of the restrictions associated with the COVID-19 pandemic, particularly the second lockdown, which strongly boosted the e-commerce activity.

In **Portugal** in 2Q22, the CEP activity resumed the path of growth in volumes per working day by 3.5%, supported essentially by e-commerce (B2C) customers, with a particular focus on large global marketplaces.

In 1H22, the **logistics** product line, which is a pillar of the development of vertical integration with the CEP business, continued its double-digit growth (+19.4% y.o.y), based on attracting new customers, which in 1Q22 enabled the complete logistical operation of the supply of computers and peripherals to Portuguese schools to be carried out.

Revenues of the **cargo** product line amounted to €2.6m in 1H22, decreasing by 44.9% compared to 1H21, a reduction related to the change in the operating strategy, which aimed to find a solution to position this product line at positive margin levels.

The **banking** documents delivery product line closed the semester with revenues of €2.1m (-9.1% y.o.y) and remained under pressure in a context of continued reduction of the capillarity of banking networks, as well as of lower collection/delivery frequency.

CTT continued to roll out its **24-hour Locker** strategy to both the general public and private premises (both residential and corporate), as well as Click&Collect. These allow clients to pick up their parcels with maximum convenience, 24 hours a day, every day of the week (24/7). As at the end of June 2022, CTT's parcel locker network comprised 350 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.

In late 2021, CTT entered into a partnership with YunExpress, of the Zongteng Group, and created the Open Lockers joint venture to manage and develop the 24-hour Lockers business in the Iberian Peninsula, aimed at deploying a wide locker network in Portugal by the end of 2022.

Revenues in Spain stood at €59.5m in 1H22, corresponding to 4.0% above 1H21 and a 32.7% growth of the contribution margin¹², anchored on an increase in the average price, which was higher than the evolution of unit costs, allowing this quarter to present again a positive recurring EBIT¹³. The implementation of a new commercial model and expansion of the offer will allow for the consolidation of the growth trajectory in the second half of 2022.

The Company maintains its strategy of investing in technology and innovation, as well as the start-up of new own delivery offices during this year that will allow the Company to move forward in its commitment to Iberian growth.

Revenues in Mozambique in 1H22 stood at €1.7m, 13.0% above 1H21. The growth achieved was supported by the partnership with a freight forwarder in Africa.

¹² Revenues less direct operating costs (excludes overheads, essentially buildings and fleet).

¹³ Individual accounts.

Eco portfolio

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

CTT launched an innovative pilot project in 2021, aimed at the use of reusable packaging for online purchases. The new Reusable Eco Packaging has a stipulated resistance capacity for sending it up to 50 times, enabling reduction of waste associated with the single-use packaging solutions used in the e-commerce market, reduction of the carbon footprint associated with its production, and promoting a more circular economy through reuse.

Simultaneously, in Spain, CTT Express continues to invest in new packaging formats that incorporate recycled plastic and are recyclable. This packaging possesses the Blue Angel stamp, a German certification that testifies to the endorsement of good ecological practices applied to the manufacture and functioning of a product or service.

The Green Deliveries offer continues to arouse the curiosity of CTT customers in 2022. This offer is available for corporate customers and enables all deliveries in the contracted places, 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. Since its launch in mid-2020, over 173k items have been delivered, representing a revenue of approximately €251k. 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.

3.3 Banco CTT

Banco CTT **revenues** reached €57.9m in 1H22, an increase of €12.3m (+26.8% y.o.y).

Revenue growth was due to the positive performance of **net interest income**, which totalled €34.4m in 1H22, €8.7m above 1H21 (+33.7% y.o.y).

The **Cartão Universo** consumer credit portfolio generated revenues of €10.3m in 1H22, with a net balance sheet volume of €324.1m as at June 2022, a growth of €32.0m (+11.0%) compared to December 2021.

Interest from **consumer credit** amounted to €21.5m in 1H22, growing by €3.4m (+18.8% y.o.y) and **auto loans** reached a loan portfolio net of impairments of €698.8m (+7.7% vs. December 2021). Auto loans production stood at €125.5m in 1H22 (+37.3% y.o.y).

Interest from **mortgage loans** recorded a year-on-year increase of 11.9%, with a €629.3m mortgage loan portfolio net of impairments (+5.8% vs. December 2021). Mortgage loan production amounted to €72.0m, a year-on-year growth of €2.7m (+3.9% y.o.y).

Commissions received in this business unit reached €21.6m, up €3.5m vis-à-vis 1H21 (+19.1% y.o.y). Worthy of note are the positive contributions of (i) commissions received regarding **accounts and cards**, which amounted to €5.8m (+€0.9m; +19.2% y.o.y), (ii) **savings products** (off-balance sheet), which totalled €2.3m (+€0.7m; +42.1% y.o.y) as a result of a net volume off-balance sheet of €840.5m, 18.6% above December 2021, (iii) **consumer credit** (off-balance sheet) amounting to €1.4m (+€0.5m; +64.6% y.o.y), and (iv) **payments**, which totalled €8.8m (+€0.7m; +9.0% y.o.y).

Banco CTT's good commercial performance continued to allow for growth in **customer deposits** to €2,259.6m (+6.4% vs. December 2021) and in the **number of accounts** to 581k (8k more than in December 2021).

The **loan-to-deposit ratio** reached 73.4% as at the end of June 2022.

Eco portfolio

Committed to expanding the offer of savings and investment solutions, the product Banco CTT Sustainable Mortgage Loans was launched, which gives a discount on the spread associated with the credit contract depending on the energy certification level of the home.

Banco CTT, in an association with the Eco-Schools Programme of the European Blue Flag Association, continues to support the BIO Vegetable Gardens project, contributing to the creation of vegetable gardens in national schools. The objective is that these vegetable gardens should be used to create awareness and educate the school and local communities on the topic of sustainability, in particular by encouraging the students to create and maintain school vegetable gardens, cultivated in a biological manner, deepening knowledge related to biological agricultural practices and healthy and sustainable eating habits.

In an eco-friendly attitude, the new Banco CTT debit cards sent to the customers are 100% produced using recycled plastic.

3.4 Financial Services & Retail

Financial Services & Retail **revenues** amounted to €24.2m in 1H22, representing a year-on-year increase of €0.5m (+2.2% y.o.y).

There was a positive evolution in revenues in 2Q22, with a growth of €0.7m (+6.3% y.o.y) compared to 2Q21, as in 1Q22 these had fallen (-€0.2m; -1.7% y.o.y) compared to 1Q21.

Financial services (excluding other revenues) obtained revenues of €15.4m, a decrease of €0.8m (-4.7% y.o.y), broken down as follows:

- **Public debt certificates** (Savings Certificates and Treasury Certificates Savings Growth) sustained growth, as this product attracted savings in the amount of €2,154.1m, with an average of €17.4m/day (€18.9m/day in 1H21) despite the instability in the international context, the increase in the inflation rate and the 6.4% reduction in the maturity of the certificates affecting the amounts that could be recaptured. The projection for the month of July points to an increase of this kind of saving product, whose rate of return (indexed to the 3-month EURIBOR) has been rising since the beginning of the year.
- **Non-banking financial products** in the area of property and casualty insurance and health plan were reinforced, as they tend to gain weight in CTT's financial retail. In 2H22, placements amounted to €46.0m.
- **Money orders** revenues reached €3.0m in 1H22, up by 5.4% relative to 1H21. The additional issues of other social benefits, created under the current macroeconomic framework, have contributed to mitigate the structural decline associated with the substitution of this means of payment.
- **CTT payment services** posted revenues of €0.8m in 1H22, declining by €0.1m (-7.6% y.o.y). It should be noted that the beginning of the year 2021 benefited from the referral of tax payments to the CTT retail network, as a result of the pandemic contingency measures.

Retail products and services (excluding other revenues) reached revenues of €8.4m in 1H22, an increase of €0.9m (+11.9% y.o.y), driven by the distribution of social gambling (+20.7%). Sales in this business line have been boosted, focusing on good commercial practices, namely with regard to the factors of exposure and commercial approach in customer service.

CTT has been reinforcing its positioning in the retail segment through a more robust, more regular and more comprehensive offer in the Retail network and CTT outlets, promoting recurrent and impulse buying, and boosting the sale of specific products, particularly convenience technology.

3.5 Future Perspectives

2022 Outlook

Within the context of increased macro-economic and persistent geopolitical risks, the 2022 guidance is confirmed as follows:

1. Mid-to-high single-digit decline in mail volumes, improved from high single-digit prior guidance;
2. Low double-digit growth in Iberian E&P volumes, unchanged and subject to normalization of supply chains;
3. Mid-to-high single-digit revenue growth, unchanged;
4. Recurring EBIT in FY22 expected to be above €65m, and within the original guidance range.

The risk outlook is maintained as follows: (1) macro risks are relevant and persistent, namely, geopolitical uncertainty, inflation, cost of energy and raw materials and de minimis; (2) the COVID-19 pandemic continues to represent a relevant risk factor; and (3) there are also severe risks in the functioning of logistics chains, namely originated in Asia.

The revenue and recurring EBIT guidance reflect continued growth and transformation, notwithstanding a challenging environment.



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04

Performance



- 4.1 Financial Capital
- 4.2 Human Capital
- 4.3 Intellectual Capital
- 4.4 Social Capital
- 4.5 Natural Capital

A future in sustainability

4. PERFORMANCE

4.1 Financial Capital

It should be noted that 1H22 was negatively marked by several factors, such as the international economic environment associated with the Russia/Ukraine military conflict, causing constraints in the global supply chain of goods, and the long-term effects of the COVID-19 pandemic.

Revenues

CTT's consolidated revenues grew by 8.2% to €446.4m in 1H22, an increase of €33.6m compared to 1H21 that reflects the performance of the Mail & Other business unit (+€24.0m; +11.0% y.o.y), Banco CTT's growth (+€12.3m; +26.8% y.o.y) and Financial Services & Retail (+€0.5m; +2.2% y.o.y). Revenues of the Express & Parcels business unit declined (-€3.1m; -2.5% y.o.y).

Revenues								
€ million								
	1H21	1H22	Δ	Δ%	2Q21	2Q22	Δ	Δ%
Revenues	412.8	446.4	33.6	8.2%	207.5	211.7	4.2	2.0%
Mail & Other	217.6	241.6	24.0	11.0%	109.0	108.1	-0.8	-0.8%
Express & Parcels	125.8	122.7	-3.1	-2.5%	62.4	61.3	-1.1	-1.7%
Banco CTT	45.7	57.9	12.3	26.8%	24.5	29.9	5.4	22.0%
Financial Services & Retail	23.7	24.2	0.5	2.2%	11.6	12.3	0.7	6.3%

Operating Costs

Operating costs totalled €425.7m in 1H22, a year-on-year growth of €43.9m (+11.5% y.o.y).

Operating Costs								
€ million								
	1H21	1H22	Δ	Δ%	2Q21	2Q22	Δ	Δ%
Staff costs	177.3	178.5	1.2	0.7%	88.1	86.7	-1.4	-1.6%
ES&S	154.6	165.4	10.8	7.0%	78.9	80.1	1.1	1.5%
Impairments & provisions	5.8	13.2	7.4	127.8%	3.4	7.4	4.0	117.9%
Other costs	17.8	38.9	21.1	118.5%	8.8	9.0	0.3	3.1%
Operating costs (EBITDA)¹⁴	355.5	396.0	40.5	11.4%	179.2	183.3	4.1	2.3%
Depreciation & amortization	28.6	31.8	3.2	11.1%	14.6	16.4	1.8	12.4%
Specific items	-2.3	-2.1	0.2	10.6%	-1.5	0.6	2.1	142.9%
Corporate restructuring costs and strategic projects	9.4	3.6	-5.8	-61.7%	8.9	2.9	-5.9	-66.7%
Other non-recurring revenues and costs	-11.7	-5.7	6.1	51.6%	-10.3	-2.3	8.0	77.6%
Operating costs	381.8	425.7	43.9	11.5%	192.3	200.3	8.0	4.2%

Staff costs increased by €1.2m (+0.7% y.o.y) in 1H22, essentially in the Mail & Other business unit (+€1.9m y.o.y), due to the acquisition of NewSpring Services (+€6.4m), and in Banco CTT (+€0.3m y.o.y) due to increased commercial activity and team reinforcement in the wake of the partnership with Sonae Financial Services. This growth was partly offset by the remaining business units (-€1.0m y.o.y).

¹⁴ From 2021 onwards, operating costs (EBITDA) include impairments and provisions as well as the impact of the leases covered by IFRS 16 and presented pursuant to this standard

Excluding the change in the consolidation perimeter, these costs would have declined by €5.2m, as a result of the measures taken to increase productivity and the focus on operating efficiency.

External supplies & services costs increased by €10.8m (+7.0% y.o.y), both due to the inorganic effect of the acquisition of NewSpring Services (+€3.9m y.o.y), and to business growth, with emphasis on: direct costs, impacted by the effect of legislative elections (+€3.3m), and the growth in business solutions (+€0.6m y.o.y), temporary work (+€1.5m y.o.y), as well as physical and technological resources (+€1.5m y.o.y).

Impairments and provisions increased by €7.4m in 1H22 (+127.8% y.o.y), as a result of the growth in the auto loan portfolio and the Universo credit card.

Other costs grew by €21.1m (+118.5% y.o.y), mainly in the Mail & Other business unit due to the growth of business solutions (+€20.7m y.o.y in connection with the laptop sale project referred to above).

Depreciation & amortization increased by €3.2m (+11.1% y.o.y), as a result of investment carried out in IT systems (+€1.5m y.o.y) and postal equipment (+€0.3m y.o.y) partially offset by new building and vehicle lease contracts which impacted amortization (+€1.3m y.o.y), due to the IFRS 16 accounting standard.

Specific items amounted to -€2.1m, due to: (i) other non-recurring revenues and costs (-€5.7m y.o.y), which include gross gains and losses arising from the valuation of contracted derivatives (-€5.0m y.o.y); (iii) restructuring costs (+€2.4m y.o.y), including suspension agreements of employment contracts; and (iv) strategic projects (+€1.2m y.o.y).

The valuation of the derivative structure in the amount of €5.0m, as mentioned above, is the result of the MTM (Mark to Market) of the interest rate derivative in the form of a Cap Agreement and Interest Rate Swap, associated with the Ulisses 2 and 3 securitization operations.

EBIT and Net Profit

Recurring EBIT stood at €18.6m in 1H22, decreasing by €10.1m (-35.0% y.o.y), with a margin of 4.2% (7.0% in 1H21).

This performance was due to the decline in EBIT in the various business units, except Banco CTT (+€3.1m; +128.9% y.o.y), with greater expression in Mail & Other (-€11.3m; -118.1% y.o.y) due to the decline in higher-value and higher-margin mail volumes.

However, it should be noted that the recurring EBIT reached €12.0m in 2Q22 (-€1.7m; -12.2% y.o.y), reflecting the expected improvement in the trend in 2Q22. In effect, the recurring EBIT in 2Q22 stood in the middle of the range that was guided in the Capital Markets Day held in the past June.

The growth in Financial Services & Retail revenues in 2Q22 was accompanied by a significant improvement in recurring EBIT in that period, corresponding to +17.2% compared to 2Q21, and to a recovery regarding 1Q22 (-15.3% y.o.y).

Recurring EBIT by business unit

	1H21	1H22	Δ	Δ%	2Q21	2Q22	Δ	Δ%
€ million								
EBIT by business unit	28.7	18.6	-10.1	-35.0%	13.6	12.0	-1.7	-12.2%
Mail & Other	9.6	- 1.7	-11.3	-118.1%	4.7	1.6	-3.1	-66.6%
Express & Parcels	5.4	3.7	-1.7	-31.7%	2.9	2.4	-0.5	-18.1%
Banco CTT	2.4	5.5	3.1	128.9%	1.0	2.1	1.1	109.6%
Financial Services & Retail	11.3	11.2	-0.1	-0.6%	5.1	6.0	0.9	17.2%

The **consolidated financial results** amounted to -€4.7m, an improvement of €0.7m (+13.1% y.o.y).

Financial Results

	1H21	1H22	Δ	Δ%	2Q21	2Q22	Δ	Δ%
€ million								
Financial results	-5.4	-4.7	0.7	13.1%	-2.7	-2.5	0.2	7.2%
Financial income, net	-4.2	-4.6	-0.3	-7.1%	-2.1	-2.5	-0.4	-16.8%
Financial costs and losses	-4.3	-4.6	-0.3	-6.8%	-2.1	-2.4	-0.2	-11.1%
Financial income	0.0	0.0	-0.0	-51.8%	0.0	-0.1	-0.1	«
Gains/losses in subsidiaries, associated companies and joint ventures	-1.1	-0.1	1.0	90.9%	-0.6	-0.1	0.5	90.1%

Financial costs and losses incurred amounted to €4.6m, mainly incorporating financial costs related to post-employment and long-term employee benefits of €2.0m, interest expense associated to finance leases liabilities linked to the implementation of IFRS 16 for an amount of €1.6m and interest expense on bank loans for an amount of €0.8m.

In 1H22, CTT obtained a **consolidated net profit** attributable to equity holders of €14.5m, which is €2.6m below 1H21, negatively impacted by the evolution of EBIT (-€10.3m y.o.y) and positively by financial results (+€0.7m y.o.y) and by the corporate income tax for the period (-€6.9m y.o.y).

Investment

Capex stood at €12.0m in 1H22, up 2.0% (+€0.2m y.o.y) compared to 1H21.

Although the same level of investment was achieved in this semester, the Company increased its investment in IT systems to support the Bank's business (+€0.6m y.o.y) and in the implementation of a physical-digital omnichannel strategy for the private customers segment (+€1.0m y.o.y). On the other hand, there was a decrease in other areas (-€1.3m y.o.y).

Cash flow

In 1H22, the Company generated an operating **cash flow** of €19.0m, a year-on-year decrease of €18.9m (-49.8% y.o.y).

Cash flow

	€ million							
	1H21	1H22	Δ	Δ%	2Q21	2Q22	Δ	Δ%
EBITDA	57,3	50,4	-6,9	-12,0%	28,3	28,4	0,1	0,5%
Non-cash items*	-9,3	-3,4	6,0	63,9%	-4,3	-1,1	3,2	74,0%
Specific items**	2,3	2,1	-0,2	-10,6%	1,5	-0,6	-2,1	-142,9%
Capex	-11,7	-12,0	-0,2	-2,0%	-5,9	-6,1	-0,2	-3,3%
Δ Working capital	-0,7	-18,2	-17,5	«	5,4	-12,0	-17,4	«
Operating cash flow	37,8	19,0	-18,9	-49,8%	25,0	8,6	-16,4	-65,6%
Employee benefits	-6,6	-7,5	-1,0	-14,7%	-3,4	-3,4	0,1	2,6%
Tax	0,0	-7,6	-7,6	«	-0,2	-7,6	-7,4	«
Free cash flow	31,3	3,8	-27,5	-87,7%	21,4	-2,4	-23,7	-111,2%
Debt (principal + interest)	-2,8	-8,0	-5,2	-187,3%	-2,6	-4,1	-1,5	-59,6%
Dividends	-12,8	-17,7	-4,9	-38,5%	-12,8	-17,7	-4,9	-38,5%
Acquisition of own shares	-6,4	-15,4	-9,0	-139,8%	-6,4	-13,7	-7,3	-114,4%
Disposal of buildings	0,0	0,0	0,0	-	0,0	0,0	0,0	-
Financial investments	-0,8	-0,2	0,6	80,5%	-0,8	-0,2	0,6	80,5%
Change in adjusted cash	8,6	-37,3	-45,9	«	-1,1	-38,0	-36,8	«
Δ Liabilities related to Financial Serv. & others and Banco CTT, net ¹⁵	128,0	-6,0	-134,0	-104,7%	96,6	112,2	15,6	16,1%
Δ Other ¹⁶	-0,1	12,7	12,8	»	0,7	6,9	6,2	»
Net change in cash	136,6	-30,6	-167,2	-122,4%	96,1	81,1	-15,1	-15,7%

*Impairments, Provisions and IFRS 16 affecting EBITDA.

**Specific items affecting EBITDA.

The negative evolution of the operating cash flow in 1H22 resulted mainly from the negative performance of EBITDA and pressure on working capital as a result of a one-off increase in the average collection period.

In addition to the effects mentioned above, the €19.0m operating cash flow in 1H22 continues to be negatively impacted the payments occurred in this semester still related to the investment made in 4Q21.

¹⁵ 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.

¹⁶ 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 Balance Sheet

Consolidated Balance Sheet

	31.12.2020	30.06.2022	Δ	Δ%
€ million				
Non-current assets	1,970.3	2,136.4	166.1	8.4%
Current assets	1,614.9	1,737.0	122.1	7.6%
Assets	3,585.2	3,873.4	288.2	8.0%
Equity	174.5	191.6	17.1	9.8%
Liabilities	3,410.7	3,681.8	271.1	7.9%
Non-current liabilities	705.3	853.1	147.8	21.0%
Current liabilities	2,705.4	2,828.7	123.3	4.6%
Equity and consolidated liabilities	3,585.2	3,873.4	288.2	8.0%

The key aspects of the comparison between the **consolidated balance sheet** as at 30.06.2022 and that as at 31.12.2021 are as follows:

- **Assets** grew by €288.2m, mostly due to the growth in credit to banking clients (+€115.7m), especially mortgage loan and auto loans, as well as to the increase in investments in securities at amortized cost (+€187.2m), and accounts receivable (+€15.4m) as a result of the ordinary increment of the Postal Operators' balances as well as a one-off increase in the average collection period. These increases were partly attenuated by the decrease in cash and cash equivalents (-€30.6m) mostly due to the payment of dividends and the share buy-back.
- **Equity** increased by €17.1m following the net profit attributable to shareholders of the CTT Group in 1H22 in the amount of €14.5m and the increase in reserves as a result of the constitution of the reserve associated with the share plan (+€0.8m) and the increase in the heading Other changes in equity (+€34.0m) following the reduction in liabilities related to Employee benefits net of deferred tax assets. In the opposite direction, there was the acquisition of own shares in the amount of €15.4m and the distribution of dividends for an amount of €17.7m.
- **Liabilities** increased by €271.1m, underpinned by the increase in banking clients' deposits and other loans (+€122.3m) and the increase in Other banking financial liabilities (+€203.1m) following the securitization operation Ulisses Finance No. 3. On the contrary, there was a decrease in the Employee benefits item(-€48.4m) following the recalculation of the corresponding liabilities following the upward revision of the discount rates used to calculate them.

CTT's Real Estate strategy

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

1. Yield Portfolio

As disclosed in the press release to the market on 19 June 2022, CTT has entered into exclusive negotiations with a third party (Third Party) aimed at creating a vehicle ("Vehicle") to own and manage this portfolio, which essentially comprises (1) CTT's points of presence, particularly own retail stores that normally are located in the centre of municipalities, throughout Portugal and (2) the warehouses and logistics / distribution centres that are core part of CTT's logistics network in Portugal.

This new entity, which will incorporate the assets considered in the scope of the Yield Portfolio, will be managed externally, by a specialized and independent asset manager, and will be

majority owned by CTT (~75%) New investor(s), both institutional and family offices, will take a minority position in the vehicle.

The management of this Yield Portfolio is aimed at yield generation, both internally and with third parties, of properties that are part of CTT's current and future network and that do not currently have relevant real estate development opportunities.

2. Development Portfolio

With regard 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.

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

	31.12.2020	30.06.2022	Δ	Δ%
€ million				
Non-current assets	680.2	682.5	2.4	0.4%
Current assets	454.9	416.9	-37.9	-8.3%
Assets	1,135.0	1,099.5	-35.5	-3.1%
Equity	173.9	191.9	18.0	10.3%
Liabilities	961.1	907.6	-53.5	-5.6%
Non-current liabilities	422.5	376.7	-45.8	-10.8%
Current liabilities	538.6	530.9	-7.7	-1.4%
Equity and consolidated liabilities	1,135.0	1,099.5	-35.5	-3.1%

Liabilities related to employee benefits (post-employment and long-term benefits) stood at €235.6m in June 2022, down €47.6m compared to December 2021, broken down as specified in the table below:

Liabilities related to employee benefits

	31.12.2021	30.06.2022	Δ	Δ%
€ million				
Total liabilities	283.1	235.6	-47.6	-16.8%
Healthcare	263.5	215.0	-48.5	-18.4%
Healthcare (321 Crédito)	1.5	1.1	-0.4	-28.1%
Suspension agreements	9.5	10.8	1.3	13.9%
Other long-term employee benefits	6.5	5.5	-1.0	-15.2%
Other long-term benefits (321 Crédito)	0.2	0.2	-0.0	-13.2%
Pension plan	0.3	0.2	-0.0	-13.4%
Other benefits	1.6	2.7	1.1	66.7%
Deferred tax assets	-78.6	-65.7	12.8	16.3%
Current amount of after-tax liabilities	204.5	169.8	-34.7	-17.0%

The decrease in the Healthcare item (-€48.5m) results from the recalculation of the liabilities following the upward revision of the discount rates used to calculate them.

These liabilities related to employee benefits are associated with deferred tax assets amounting to €65.7m, which brings the current amount of liabilities related to employee benefits net of deferred tax assets associated with them to €169.8m.

Consolidated net debt

Consolidated net debt

	31.12.2021	30.06.2022	Δ	Δ%
€ million				
Net debt	58.9	97.2	38.4	65.2%
ST & LT debt	201.1	202.2	1.0	0.5%
of which Finance leases (IFRS16)	115.3	125.0	9.7	8.4%
Adjusted cash (I+II)	142.3	104.9	-37.3	-26.3%
Cash & cash equivalents	877.9	847.3	-30.6	-3.5%
Cash & cash equivalents at the end of the period (I)	857.0	813.6	-43.3	-5.1%
Other cash items	20.9	33.6	12.7	60.8%
Other Financial Services liabilities, net (II)	-714.7	-708.7	6.0	0.8%

The key aspects of the comparison between the **consolidated net debt** as at 30.06.2022 and that as at 31.12.2021, are as follows:

- Adjusted cash decreased by €37.3m, despite the positive performance of the operating cash flow (+€19.0m) that did not offset the payment of employee benefits (-€7.5m), tax payments (-€7.6m), debt service (-€8.0m), the acquisition of own shares (-€15.4m) and the payment of dividends (-€17.7m).
- Short-term & long-term debt increased by €1.0m essentially due to the combined effect of the increase in lease liabilities (+€9.7m) and the reduction in Bank loans (-€8.7m).

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

	31.12.2021	30.06.2022	Δ	Δ%
€ million				
Net debt with Banco CTT under equity method	182.4	227.9	45.5	25.0%
ST & LT debt	198.5	200.1	1.6	0.8%
of which Finance leases (IFRS16)	112.6	122.9	10.3	9.1%
Adjusted cash (I+II)	16.1	-27.8	-43.9	-272.6%
Cash & cash equivalents	215.2	170.5	-44.6	-20.7%
Cash & cash equivalents at the end of the period (I)	215.2	170.6	-44.6	-20.7%
Other cash items	0.0	0.0	0.0	81.2%
Other Financial Services liabilities, net (II)	-199.1	-198.4	0.7	0.3%

4.2 Human Capital

The management of human resources is guided by the following priorities: definition and implementation of policies for human capital development that enable boosting skills, awarding performance and fostering the agility of the organization; maintenance of a good social environment; continuous investment in training and qualification; optimization and adjustment of the staff, taking into account the need to respond to market evolution and its challenges.

4.2.1 Characterization of human capital

As at 30 June 2022, the CTT headcount (permanent and fixed-term staff) consisted of 12,803 employees, corresponding to 542 more (+4.4%) than as at 30 June 2021. These figures include the inorganic effect of NewSpring Services, with an impact of +846 workers. Without this effect, the number of employees would be 11,957, down by 302 (-2.5%) compared to 30 June 2021.

Headcount

	30.06.2021	30.06.2022	Δ 2021/2020	
Mail & other ¹⁷	10,412	10,993	581	5.6%
Express & Parcels ¹⁸	1,361	1,299	-62	-4.6%
Banco CTT ¹⁹	453	480	27	6.0%
Financial Services & Retail	35	31	-4	-11.4%
Total, of which:	12,261	12,803	542	4.4%
Permanent	10,867	11,315	448	4.1%
Fixed-term contracts	1,394	1,488	94	6.7%
Portugal	11,607	12,122	515	4.4%
Other geographies	654	681	27	4.1%

Excluding the inorganic effect, there was a decrease in the number of employees in almost all business units, with a special focus on the Mail business unit and Others (-279), where projects to increase the productivity of operations have been underway, which have adapted the network to the new profile of the mail flows and reduced the need for additional hiring, as well as the HR optimization program underway mainly in the central structure.

Together, the areas of operations and distribution within the mail network (5,534 employees, of whom 4,190 are delivery postmen and women) and the retail network (2,312 employees) represented circa 69.3% of CTT's permanent staff. Excluding the integration of NewSpring Services, this staff would represent 71.7%.

The overall absenteeism rate increased to 9.3% (+1.4 p.p.). The reasons that most contributed to absences were: illness (5.2%), COVID-19 illness (1.5%), accidents (0.6%), maternity/paternity leave (0.5%), other reasons (0.9%) and union activity (0.4%).

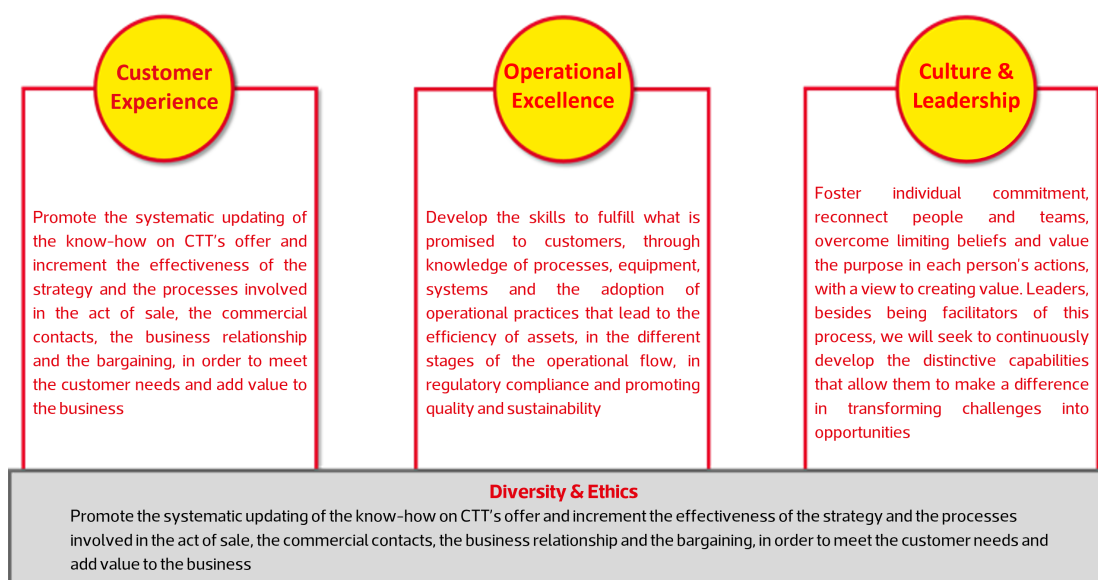
4.2.2 Training

Academia CTT pursued its activity according to the strategic focus on the development of the skills of CTT's employees based on the following methodological approach:

¹⁷ Includes NewSpring Services and HCCM.

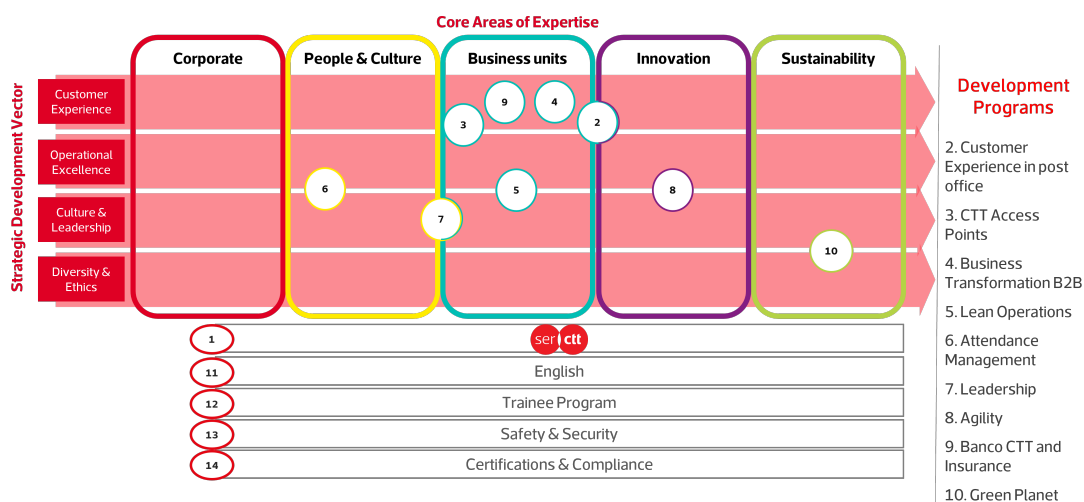
¹⁸ CTT Expresso, Corre and CTT Express (Spain).

¹⁹ Includes Payshop and 321 Crédito.



A new process focused on the self-development of each employee was also launched. The systematisation of this programme to support the self-development of skills involved the offer of short training opportunities, webinars on demand, massive open online courses and other self-study resources on a free access platform.

In the context of Academia CTT, 14 programmes incorporating the Strategic Development and Training Plan were carried out.



The highlights of the 1st half of 2022 were the following actions:

- **Ser CTT (Be CTT)** – The use of the Digital Manual and communication with new employees was consolidated.
- **Customer experience in the post offices** - In the weeks preceding the opening of the new Concept retail outlets, the entire team was involved in specific training. The contents involved an introduction to the Buzz project, the products, on customer service excellence, segmented customer service, new services, equipment and the MUDAR programme. At the end, there was a tour of the outlet.

- **CTT Outlets** – It was a refresh of procedures, such as simplified practical guides – GPS, mail classification, weights and dimensions, additional services of mail and express, cash-on-delivery items – delivery and acceptance, control in the reception of mail, daily procedures, closing accounts, returns of items with customs duties, acceptance of contractual mail with multi-product guides.
- **Banco CTT and Insurance** – With the objective of training and developing staff to market the banking and insurance offer, the contents involved training in general banking operations, offer, processes and credit (with over a third of the training taking place "on-the-job"), insurance offer of CTT's partners and Banco CTT, as well as on the certifications inherent to the banking and insurance activity.
- **Health and Safety** – Training was given on the following topics: COVID-19, health and safety at work (with specific versions for Central Services, Retail Network, Postal Delivery Offices, Production and Logistics Centres, Sorting Centres and Business Services Operations Centres), as well as the topic of manual and mechanical handling of loads. Training kits related to rapid response to incidents were also provided, in addition to once again highlighting the Road Safety Programme.

4.2.3 Occupational health and safety

The beginning of 2022 was marked by the pandemic, and CTT continued its prevention policy to mitigate contagion by COVID-19 in the workplace in articulation with Health Delegates, namely through a series of preventive measures such as the spraying and disinfection of workplaces, the purchase and distribution of individual protection material, hand and surface disinfectants, reinforcement of cleanliness, timetable mismatch, limitation of space capacity, and dissemination of information on individual prevention behaviours.

After the 1st quarter, and taking into consideration the positive evolution of the epidemiological situation caused by the pandemic disease COVID-19, CTT proceeded in alignment with the DGS (Directorate General for Health) to gradually lift the measures always with prudence and evaluating the context at each moment.

With the purpose of being active in the maintenance of health, acting in advance and avoiding work accidents and illness situations and, on the other hand, promoting health, with actions to improve the well-being and quality of life of employees, the 3 transversal action programmes designed in 2021 were pursued:

- **Estrela (Star)** – Programme aimed at creating a healthier working environment, focused on productivity and quality, with lower absenteeism rates and greater motivation and satisfaction.
- **Vitória (Victory)** – Occupational medicine approach adapted to the specific needs of the most perennial and complex cases of conditioned aptitude, with a view to determining that condition with greater rigour, reliability and support for the employees, contributing to reducing work-related constraints.
- **Viver (Living)** – Raising the awareness of the employees on health prevention and the development of initiatives that promote health and well-being in the organisation.

Within the scope of accident prevention and ergonomics, and awareness-raising actions, 72 interventions were carried out in the 1st half of the year to assess working conditions (risk assessment visits and monitoring visits) at various CTT establishments.

In the 1st half of 2022, there were 346 accidents at work, 8.9% less than in the same period of the previous year. The reasons that most contributed to the occurrence of accidents were road accidents, wrong movements and slips/tripping.

With regard to occupational medicine, the policy of periodic, admission and occasional evaluations continued, and in the case of female workers and workers with more complex conditioned aptitude, detailed examinations are being carried out with the aim of increasing well-being. 3,142 examinations of occupational medicine were carried out given that this activity was affected by the pandemic context in the first months of the year.

Within the scope of the Health Plan, CTT has focused on improving the health services and care available to its Beneficiaries, through access to a wide network of providers, specialisations and other quality health care. Additionally, the intervention of the social service in terms of monitoring employees, retirees and family members in need of psycho-social support and other shortcomings, as well as monitoring employees who are absent from work, with serious conditions and illnesses should be mentioned.

4.2.4. Career development and talent management

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

In order to improve the worker's experience, two major projects with high impact on the Organization and its People stand out: the commitment to obtain the certification as Family-Responsible Entity (EFR); and the new CTT employee portal.

efr certification

Pursuing the CTT People management strategy and believing that conciliation between professional, personal and family life is fundamental for the balance of each one of us and of the organisation, CTT applied, in this context, to obtain efr certification for the companies CTT, CTT Espresso and CTT Contacto.

During the 1st half of 2022, the various stages necessary to obtain certification continued: many of the conciliation practices and measures already existing in the company were systematised and disseminated; the "Voice of the Employee" stage was carried out, which consisted of conducting surveys and focus groups in order to listen to the opinion of all employees; the "Voice of the Management" was also carried out, consisting of several interviews conducted with the Top Management and whose main objective was to assess the management style, vision, strategy and commitment to the efr management system; all the documentation required in this area was produced and internal and external audits were conducted.

CTT has obtained the certification of family-responsible entity awarded by the Fundación Másfamilia, in partnership with ACEGE, and certified by APCER.

New Portal

Considering the challenges faced in the sector where CTT operates, it is essential to provide technological tools that facilitate and streamline the relationship between the company and its People. Based on this premise, My CTT, the new CTT Employee Portal was developed.

My CTT essentially aims to promote:

- a. Agility and efficiency, through an agile and user-friendly platform that supports the main People management processes and is available to all CTT workers;
- b. Integration and innovation, offering an innovative experience to CTT's workers, through the implementation of an integrated platform, which allows managing the main People management processes;
- c. People-oriented, reinforcing CTT's commitment to the development and management of People, throughout their stay in the organisation.

In the first semester, the "Performance & Goals" module was successfully implemented, allowing the Annual Performance Assessment 2021 process to be fully carried out on the Portal.

Other highlights

In addition to these initiatives and in order to bring the company closer to its People and their families, the Summer Internship Programme 2022, taking place in the months of July and August, reserved 50% of the vacancies for workers' children who match the requirements and profile of the functions. This initiative aims to involve the families and give workers' children the opportunity to develop skills in a business context.

Of note is also the evolution of project of the telephone support line TOU CTT 800 210 010. With a view to improving the experience of the employee, as regards inquiries and requests within the scope of the employment relationship with CTT, an email channel for support: touctt@ctt.pt was created and associated to the telephone support line.

The publication of the internal communication newsletter "Somos CTT" (We are CTT) and the CTT magazine continued, in order to promote everyone's involvement and knowledge about the organisation. A new section was created, "The Success of Our Sharing", which aims to introduce the new businesses obtained by CTT's Customer Managers and share the best practices followed by them, in order to transform a sale into a success story.

More partnerships and protocols were established with companies with benefits for the employees and the 10% discount to CTT employees on products purchased in the CTT Retail Network was maintained.

Health actions were promoted, with emphasis on the prevention of lung cancer and well-being (for example, training in mindfulness), thinking of all the workers.

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

In order to measure employee satisfaction, as well as the quality of their experience and the impact of policies/actions, and in line with the 1st place awarded in the category "Most Attractive Company to Work for in the Transport Sector", by Randstad (according to the chapter Awards and Recognition), the first NPS (Net Promoter Score) measurement survey for 2022 was launched in March.

4.2.5 Diversity and equal opportunities

Within the scope of equal opportunities and with the changes caused by the evolution of the pandemic, CTT focused on reinforcing the guarantees that all its employees felt safe, not only during the most difficult context of the pandemic, but also at the beginning of the post-pandemic period, in the return to a "new-normal" situation. Although the worst phase of the pandemic seems to have been overcome, useful information and recommendations were continuously disseminated and measures to mitigate the

main risks were promoted, always preserving the integrity of the front-line workers and of those who were able to provide their services through teleworking.

With regard to diversity in management positions, the Board of Directors continues to meet the objective established in the CTT Equality Plan and in Law 62/2017, integrating 33.3% women in the Board of Directors and Supervisory bodies.

The employees and their families were encouraged to participate in internal pastimes with prizes for family enjoyment and were invited to practical online initiatives/classes for health protection and well-being. The SOU CTT partnership programme with various entities continued to be promoted and to offer preferential prices for employees in various areas, with special focus on health, sport and family.

Within the scope of the activities with Fórum iGen – Organisations Forum for Equality, 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 become part of WG2, aimed at designing and further developing the equality measures to be implemented by the Forum members. To that extent, on 18 May, CTT renewed its commitments, once again signing the Accession Agreement.

The Company's Plan for Equality 2022 was published internally and externally, whereby ten measures to be implemented by the end of the year were presented. These measures cover the following aspects:

- Company Strategy, Mission, Vision and Values;
- Equal access to employment;
- Equal working conditions
- Parental protection
- Reconciliation of professional life with family and personal life.

As mentioned in section 4.2.4 above, the pursuit of this last axis of action, as well as of the CTT People management strategy, and in the conviction that reconciling professional, personal and family life is fundamental for the balance of each one of us and of the organisation, CTT aimed at obtaining certification as a Family-Responsible Entity (EFR), for the companies CTT, CTT Expresso and CTT Contacto. As detailed above, CTT has obtained the certification of family-responsible entity awarded by the Fundación Másfamilia, in partnership with ACEGE, and certified by APCER.

Banco CTT's diversity policy was once again reinforced with the implementation of a professional internship adapted to a female employee with intellectual limitations, which began during the 1st half of 2022. The objective is to train her for her possible continuity in the bank's team.

4.3 Intellectual Capital

New Locky lockers

One of the highlights of this semester was the presentation of Locky, the new locker company of the CTT Group, which already has an offer of over 350 lockers, located in various parts of the country, namely in retail chains, supermarkets, shopping centres, university campuses, intermodal transport platforms, car parks, hospitals and also gas stations. Locky lockers allow worry-free, simple reception of parcels, in lockers of different sizes and with different compartments so that customers can receive the most varied objects, always in convenient locations.

The entire use of the locker network is simple and intuitive. The addressees decide when they are buying online whether they want to receive the item in a Locker by identifying what is most convenient for them and, after the item has been deposited, they decide when they will pick it up. The interface with the recipient is based on sending, via SMS and email, the secret code that allows them to interact with

the locker and receive their parcel. This entire journey was designed and implemented with the support of CTT's Digital Factory.

In addition to all the advantages they offer customers, Locky lockers also bring environmental advantages, since final distribution has a consolidating effect that reduces the number of delivery vehicles dispersed in an urban environment. As a single locker enables delivery to several addressees, travel to different homes is avoided and, the more deliveries to lockers, the greater the reduction in travel, generating fewer carbon emissions associated with the last mile.

Locky has established partnerships with various entities for the installation of lockers, such as Galp, with the installation of about 90 lockers in various gas stations, from north to south of the country. Thus, Locky and Galp now offer an exclusive service to its customers and employees, as well as the local community.

E-Commerce

CTT has extended its shipping plugin service to online shops created on the ePages, ECWID and OpenCart platforms.

CTT's recent e-commerce service, which allows customers to automate their shipments, was launched in April 2021 but until this launch, only shops created on Prestashop, Shopify, Magento and Woocommerce could integrate shipping services.

With this extension, the online shops created on these platforms benefit, free of charge, from various functionalities, such as the automatic import of parcels and generation of transport documentation, the updating of the item code and status of the parcel in the online shop, and the request for complementary services, such as cash-on-delivery or the delivery time window.

This is a service that also allows the client to present in its shop the 1700 CTT delivery points as a delivery option for clients, where the lockers solution and its expanding network in the country are included.

In parallel, CTT, AMEN and Dominios.pt established a partnership in order to allow the latter's clients to benefit from the shipping plug-ins to automate the shipping of their online shops, thus contributing to the development of the e-commerce ecosystem in Portugal.

Mail and Business solutions

New version of the 'e-letter' portal

CTT launched a new version of the 'e-letter' portal, with the purpose of further simplifying the sending of mail by customers.

The portal is now more accessible and intuitive, bringing numerous advantages in its use, including: faster interface, no limits on simultaneous mailings, improved user experience and greater search capabilities. The 'e-letter' solution is an online mail production service that enables sending from a given company's computer, as CTT is the one that ensures printing, enveloping and dispatch, therefore there is no need to go to a CTT Post Office or letter-box.

In this way, while CTT helps make the entire process of sending mail simpler, the client reduces time and resources by digitally processing documents, printing and enveloping at the lowest cost. Mail management becomes more efficient, allowing to define approval mechanisms, generate usage reports and track the status of mail/documents from production to delivery. With the new 'e-letter' portal you can also consult the history of your mailings for a year.

In addition to the advantages for customers, the 'e-letter' also has an environmental aspect, reducing the ecological footprint in the creation and transport of mail.

Digital Factory and Customer Experience

CTT is committed to pursuing developments within the scope of the digital transformation of the customer experience and journey, with emphasis on:

- i. The launch of the shipping simulator on CTT's website, giving customers the possibility of knowing which is the best shipping solution that meets their specific needs;
- ii. The launch of the new experience of using a locker on the CTT network, in an articulated manner with Locky and using the new client area for private clients on the CTT Site as a basis;
- iii. The launch of the Digital Password in CTT's App that allows clients to take a password before going to a CTT Post Office, improving their in-store experience and reducing waiting times.

CTT 1520 StartUPProgram

This is an interaction programme with startups, whose main objective is 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 1800 companies, with 29 projects currently underway: 12 in business partnerships, 17 in co-creation projects (4 in technical pilot and 13 in production) and one acquisition – Recibos Online.

During the first half of 2022, partnerships with LACS, Monday and Microsoft for Startups were signed and operationalised to strengthen the 1520 network. Between CTT and LACS, the agreement aims to take advantage of complementary features and synergies in three main areas of collaboration that can jointly leverage entrepreneurship in Portugal, namely: the installation of the CTT 1520 StartUPProgram in LACS spaces; and the strategic partnership for reflection on the use of CTT spaces.

The publication of the 1520 newsletter continued and the first CTT 1520 StartUPProgram Let's Talk event was organised. The theme of this CTT Session was "How can partnership networks add value to the startup ecosystem" and included the participation of the partners of 1520, namely Microsoft, Portugal Ventures, LACS, Iberis and Monday, as well as a moment for startups to pitch.

CTT started to participate in the Open Innovation Mobility Booster programme, promoted by the startup accelerator BGI and supported by the European Institute of Innovation & Technology – EIT Urban Mobility. CTT was invited to present a challenge in the mobility area, for which BGI will carry out a process of identification and selection of startups with potentially suitable solutions. The selected startup will develop a pilot with CTT during 2022. With this initiative, CTT becomes part of the EIT Urban Mobility international network and gains access to network partners, thus creating another startup identification channel for the 1520 programme and also for the TechTree investment fund.

CTT investment fund in startups – TechTree

The TechTree investment fund, launched by CTT to support innovation activities in small and medium-sized companies and startups, has invested in two Portuguese startups with solutions in the Operations and Logistics area, thus reinforcing the connection and support to the national business fabric and boosting the development of innovation in companies. The investment was made in the startup KIT-AR, in the area of augmented reality (augmented work) for industrial production, and in Sensefinity, in the area of logistics, with CTT's investment fund having participated in the funding round for KIT-AR.

KIT-AR promotes a platform that reduces production errors in industry by using augmented reality and artificial intelligence to expand the capabilities and outcomes of workers on the factory floor and make them more efficient.

Sensefinity is developing an Internet of Things platform focused on providing real-time critical commodity and asset metrics to companies to provide visibility into their supply chain.

KIT-AR and Sensefinity are recognised by the National Innovation Agency as suitable entities to practice research and development activities, which allowed the investment of the TechTree fund under the SIFIDE II programme.

Operations

Reinforcement of the operating area of CTT Express

The CTT Group has awarded GAM (BME: GALQ), a Spanish multinational company, specialised in providing integral bespoke machinery solutions, with the supply of over 200 machines – including pallet trucks and maintenance equipment. The new Iberian-wide collaboration agreement, worth 4 million euros, will have a total duration of 5 years and involves both CTT's facilities and activities in Portugal, and those of CTT Express in Spain. Within the scope of this partnership, GAM will also provide training to the workers of the express delivery company.

The agreement is part of the investment that has been made to improve the distribution process, which is supported by new facilities, a high level of automation and a uniformly equipped network, for the benefit of e-commerce customers.

New Mobility App

Implementation of a new Mobility App to support Express Distribution in partnership with the CTT Express team. Following its implementation in Spain, the Operations/IT team in Portugal adjusted it to the reality of Portugal (for example, banking services or collection processes), and now there is an Iberian app that allows for synergies between the two geographies. The app is currently available in 270 Express delivery rounds, with its expansion to the remaining express delivery rounds planned for the beginning of the second half of the year.

Decision Server

E-commerce distribution is an extremely competitive environment, where new services and customer interactions are constantly improving, creating constant pressure on operations and, on many occasions, the only way to comply with distribution adjustments is manual package sorting until all the sorting plans can be adjusted or the machine supplier can update its SW. In order to avoid dependence on the equipment suppliers, whenever it is necessary to change/add new criteria for the sorting of items, the Decision Server project was developed, which gave CTT autonomy to manage the business rules that support the Express parcel handling process.

The sorting decisions for each package, in this innovative model, are changed in real time and new rules can be set or removed in minutes, without any dependence on machines or supplier costs. Every day, over 200 thousand parcels are managed by the Decision Server in CTT's seven high capacity sorters, deployed throughout the country and for all different types of operation (national, regional and delivery). The Decision Server also facilitates the transition from the postal network to the express network. With the decrease in mail volumes it is now easier to increase the number of parcels that can be sent automatically to each delivery post office to compensate for this reduction.

Research, Development and Innovation (RDI) incentive programmes

CTT, Banco CTT and CTT Express have prepared applications to the SIFIDE programme.

Three Mobilising Agendas, in whose applications CTT participated, were approved in Phase II of Call C5 – Business Innovation of the Recovery and Resilience Plan – PRR. In these agendas, CTT participated in consortium with several relevant entities of the national scientific and technological system, as well as with other players from different industries.

The execution of the Productive Innovation project dedicated to the modernisation of CTT Expresso's operations, whose application was approved in early 2021 under Portugal 2020, continued.

Participation in European innovation networks and associations

CTT obtained the COTEC 2022 INNOVATIVE STATUS, awarded by the Business Association for Innovation, COTEC Portugal, for the second consecutive year. This status was awarded for achieving high standards of financial soundness, innovation and economic performance, and is a seal of reputation and prestige that recognises the quality of the company's leadership, management and performance.

There was also the launch of the 6th 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 has brought together and represented European postal operators since 1992, promotes cooperation, sustainable growth and innovation, and is a Restricted Union of the Universal Postal Union (UPU).

Exploratory Innovation

CTT published the Trends Report 2022, a document that aims to identify the main drivers of change and the trends that will impact in the short, medium and long term, the sectors where CTT operates, namely Mail, Express, Parcels and Logistics, Banking and Financial Services and Retail. It counted on the contributions and testimonies of several international experts in the sector.

The session "What's Next?" was also held, on Web 3.0, where topics such as the metaverse, cryptocurrencies and NFT were addressed. The objective of these sessions was to share knowledge with those who work at CTT on frontier innovation topics, with the contribution of several international and national experts.

Corporate culture of innovation

As part of the dynamics of the corporate platform for idea management, INOV+, a PitchDay was held for selected ideas from the 11th cycle. The production of the internal newsletter, Postal 360, continued, with the publication of innovation news.

It should be noted that one of the ideas presented on the Inov+ platform, that of reusing printed and discarded paper, gave rise to the "Paper Strips" project, whose implementation took place during this semester, as indicated in the chapter on Natural Capital.

4.4 Social Capital

Patronage and solidarity

CTT's social and environmental patronage policy has placed strong emphasis on the themes of culture, language, sports and health. This semester, this support represented a total investment of €324,965.20, corresponding to a 19% increase compared to the same period of last year.

The first half of the year was indelibly marked by the war in Ukraine and CTT joined many other solidarity initiatives carried out by companies and civil society organisations. The solidarity campaign "Help the people of Ukraine" was available to CTT customers, between 2 and 8 March, in all CTT post offices, from north to south of the country, including the Autonomous Regions of Madeira and Azores. Anyone could come to our post offices and leave a package with their goods:

- Clothing, including winter footwear and children's clothes
- Food (exclusively non-perishable products)
- Hygiene items
- Medicines and first aid items

CTT once again used its retail network covering the entire national territory to collect donations from everyone and used its transport logistics to concentrate and ship them to their final destination. As a result, 40 tonnes of donated goods were sent to Ukraine, in 240 pallets of materials, which loaded eight trucks and one plane. The participation of several partners should be highlighted: TAP, Transportes Bernardo Marques, Transportes Pascoal and Transportes Figueiredo e Figueiredo, as well as Galp and, above all, almost 50 internal volunteers from CTT, who dedicated themselves to the heavy logistics work of preparing these shipments.

Environment and biodiversity

As for the preservation of the **environment and biodiversity**, plantings related to the "A Tree for the Forest" project, which had been suspended or carried out with no participation of volunteers due to the pandemic restrictions, were resumed. A few weeks before the beginning of spring, Quercus and CTT joined efforts to plant about 6,000 trees of native species, corresponding to the kits sold in the previous edition of the project. The action took place at Mata da Machada, in Barreiro, during 4 days.

Support to arts

CTT once again launched the "Let's Support Culture" project, with some developments that deepened the experience of the project started in 2021. This time, the purpose is to support three institutions: the National Culture Centre (the organisation that had already been supported in 2021), the Audiovisual Union and the Casa do Artista. Thus, for each philatelic book sold by CTT, one euro reverts to each of these institutions and another two euros will be proportionally attributed, according to the choice of the Portuguese, in a vote open to all.

Volunteering

CTT continued to promote the volunteer mentoring and tutoring project in partnership with EPIS. We supported 16 young people at risk of school failure in the municipalities of Amadora and Moita, mostly through electronic means but, with the easing of the lockdown measures, increasingly through physical meetings. That was what happened on April 8, with a visit to the Oceanarium, preceded by a workshop dedicated to the theme of marine plasticology. Closer to the end of the school year, on June 9, the students mentored were invited to visit the Southern Logistics Production Centre, in Cabo Ruivo, where they also had the opportunity to present the videos made with the mentors, in compliance with one of the dynamic aspects of this project. It is possible to report that 88% of the EPIS-CTT students covered in the programme successfully completed the school year.

The internal volunteer actions that require physical presence gradually returned. A first attempt to perform a blood collection, at the CTT Building, with the Portuguese Institute of Blood and Transplantation, was not possible in February, due to the restrictions imposed by the pandemic at the time. But on 21 June, 48 volunteers came forward to donate their blood. Of these, after medical screening, 29 were able to make their donation and a new action of this kind is already planned for October.

The actions were not restricted to the CTT Building. In this context, two outdoor actions were promoted, namely the cleaning of two beaches: one in Canidelo, municipality of Vila Nova de Gaia, and the other in Algés, municipality of Oeiras. In this action, which took place on 28 May, we had the participation of 42 volunteers, who collected 1726 cigarette butts and about 24 kg of waste, including plastic, glass, textiles, processed wood, paper and cardboard, and metals (soft drink cans).

A team of Banco CTT volunteers carried out actions for the distribution of food baskets, in partnership with Crevide, which is responsible for coordinating the distribution of food baskets in Loures and is a mediator in Moscavide, supporting 536 users. This action took place four days per month and had the participation of nine volunteers in the period under review.

Customer Satisfaction

The customers' opinion on quality of service, expressed through daily satisfaction surveys, shows that 84.8% of the respondents perceive CTT's overall quality as good or very good and consider CTT as a trustworthy company.

Some subsidiaries carried out specific surveys to their customers. This is the case of CTT Express, in Spain, whose final clients are satisfied with the brand in 81.63% of cases and which expanded the survey to the branches it works with, which were satisfied with the brand in 87.5% of cases. Similarly, Banco CTT, in a survey conducted monthly among its clients, had a 78.8% percentage of clients who said they were "very satisfied with the Bank" (this survey was conducted between January and May 2022).

CTT has been making a significant investment in the implementation of certified management systems in various fields. As regards the 1st half of 2022, 520 CTT retail outlets were externally certified, which already means an increase compared to the 400 outlets certified in 2021. As mentioned in the chapter on Human Capital, the audit for obtaining the Certification as Family-Responsible Company is at the final stage.

Proximity to the population

During the first months of 2022, CTT continued to be attentive to the social and economic consequences of the COVID-19 pandemic and maintained various proximity initiatives with the most affected populations. In this sense, CTT expanded the coverage of self-service lockers, including to Spain. These now have a new designation: Locky. The Criar Lojas Online (Create Online Stores) product was also an important investment in connecting CTT to small and medium-sized enterprises, strengthening the e-Commerce ecosystem in Portugal, this time with a partnership with PHC Software to simplify management by entrepreneurs. In the Azores, CTT signed an agreement with a supermarkets company, INSCO – Insular de Hipermercados, to deliver products from its online shop to the islands where there is no physical offer.

Aligned with its mission and business, these initiatives assume a strong social responsibility aspect and reflect CTT's engagement with the community.

Claims and inquiries

Claims are an opportunity for the continuous improvement of internal processes, as well as in 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, seeking new solutions to increase our customers' satisfaction.

In the 1st half of 2022, 191,288 complaints were filed regarding the Mail and Express areas, a decrease of 3% compared to the same period of the previous year. This decrease in claims was mainly due to the improvement of internal processes with the introduction of new tools that allowed an increase in the resolution capacity in the first line of contact.

In the Mail business unit, 73,514 processes related to customer claims on commercialised services and products were registered in the application of support for the handling of claims, corresponding to an increase of 6% compared to the same period of the previous year. The main reasons for claims are related to delays in the delivery of items, and lost items.

With regard to the Express business unit, 111,738 claims were registered, translating into decrease of 8%. The reasons with the greatest impact on Express claims are loss and late delivery of items.

In relation to compensations, during the 1st half of 2022, 10,369 were processed in the Mail business unit in the amount of €396,300, having stabilised when compared to the same period of the previous year. The compensations of the international service accounted for 85% of the total amount. The most frequent causes of the compensations are lost items and lack of response from the destination postal operator, service error.

Claims regarding the Universal Postal Service²⁰

Regarding the services covered by the Universal Postal Service (SPU), the number of complaints received registered a decline of 33.8% in the 1st quarter of 2022 compared to the same period of the previous year, with a significant reduction in the number of claims received both in the scope of the domestic service (-34%) and the international service (-33.7%).

The most common reasons for complaints in the SPU are related to delays in delivery and problems in the distribution of items and are mainly due to the increase in the volumes of bulky items and to operational constraints due to the worsening of the epidemiological situation, derived from the increase in active cases associated with the COVID-19 pandemic in the first two months of the year.

Contacts

With the creation of a new Social Network Management Model, it was possible to provide the self-care functionality through chatbots to support customers on Facebook, WhatsApp and on the Customs Clearance Portal. The possibility of contacting a human assistant was maintained, in case the information provided does not meet the customer's needs. In the CTT Support Line for Private Customers, a voicebot was introduced in the "Track items" option, which allows the customer to know the status of his/her item and, if the customer needs more information, there is the possibility of being referred to the Customer Support. Internal processes have also been improved to provide better Customer Support which is also closer to their needs.

Communication was thus simplified and the Company's positioning in terms of innovation and proximity with its customers strengthened.

²⁰ Data relative only to the 1st quarter of 2022, as communicated to ANACOM.

In the 1st half of 2022, a total of 1,479,780 contacts were received through the Customer Support channels, representing an overall decrease of 14% compared to the same period of the previous year. In the voice channel 1,014,381 calls were received, representing 69% of the total contacts received and registering a year-on-year decline of 18%. With regard to the written channel, we received 344,370 contacts, representing 23% of the total contacts received, corresponding to a decrease of 27% compared to 2021. In the social media, contacts received totalled 121,780, representing 8% of the overall contacts received.

4.5 Natural Capital

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 and social responsibility, such as the protection of biodiversity and the national forest, and the support for the development of underprivileged populations.

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. 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.

The gradual opening of the society following the lockdown measures for the safety of workers adopted to tackle the COVID-19 pandemic in 2020, as well as the consolidation of the e-commerce growth trend, propelled an increase in energy consumption by CTT in the 1st half 2021 versus the same period of the previous year. With regard to the comparison of 1st half of 2022 with the same period of 2021, the performance shows greater homogeneity, with an estimated variation of only 0.5%. Contributing to this is the network's electricity consumption with an estimated increase of 1.2%, largely due to the installation of more mechanised parcel handling equipment by CTT Express in Spain to accompany market growth, as well as the higher number of km travelled by CTT's alternative fleet. Also, the consumption of thermal energy for air conditioning the CTT headquarters building increased, due to a higher occupancy rate compared to the 1st half of 2021.

CTT energy consumption

GJ	1H21	1H22	Δ 1H22/1H21
Total green electricity consumption	64,082.8	64,860.4	1.2%
Solar panel power consumption	63.6	1,193.4	1776.4%
Thermal power consumption	2,305.6	3,169.9	37.5%
Total fuel consumption	112,191.7	110,326.2	-1.7%
Total gas consumption	512.3	540.5	5.5%
Total	179,156.0	180,090.4	0.5%

Fuel continues to be the main source of CTT's energy consumption (61%). Despite an improvement of 0.1 litres/100 km in heavy vehicles, this was offset by a degradation in the consumption of light passenger and goods vehicles. This degradation is closely related to the increase in the average age of the fleet and to the variation in the activity profile, that is, an increase in the use of vehicles of greater volume in response to greater volumes of express mail and parcels transported. The lower total consumption of litres of fuel is mainly the result of fewer kilometres travelled by the heavy vehicle fleet, associated with transport network optimisation processes, and the increase in kilometres travelled by the electric fleet.

In the 1st half of the year, Guarantee of Origin certificates were purchased for CTT's electricity consumption in 2021. This mechanism is used by CTT since 2015 and guarantees that the electricity consumed by CTT in 2021 was produced, in an equal amount, through 100% renewable sources.

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 and interventions in lifts, reinforcing the commitment to optimize energy consumption. Follow-up was also ensured of the legal obligations applicable to CTT's building stock, in terms of energy certification and energy audits. A total of 562 interventions were carried out, with an investment amount of €367k. The legal obligations applicable to CTT's real estate were also followed up, in terms of energy certification and energy audits.

Additionally, an energy efficiency project for CTT facilities for the 2020-2022 period continued. This project consists of monitoring energy consumptions of up to 72 relevant facilities, covering 93% of the overall consumption of the CTT buildings, identifying the technical details of each facility and opportunities of energy efficiency improvement and proposals for actions. Since the beginning of the project energy savings of around 16% and monetary savings of €92k have been achieved in all the facilities involved. The main measures are in terms of lighting (management/adjustment of lighting to operation, power reduction, lighting switch-off, readjustment of movement sensors and replacement by LED lamps) and air conditioning (adjustment of operating hours and reduction of fan speed). At the beginning of this year, we highlight the wisemeter installations in Évora (MARE) and in the CTT Expresso logistics centre in Viseu.

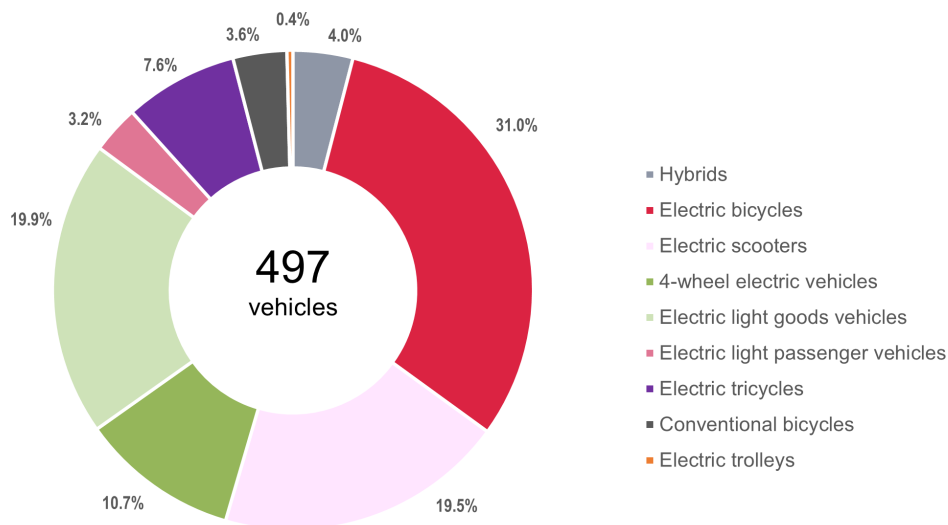
CTT has invested in the installation of a UPAC - Production Unit for Self-Consumption – at CTT Expresso's warehouse in MARL (Lisbon Region Supply Market). The installed power is 410 kWp and allowed a production of 314 MWh in the 1st half of 2022, which represents 2% of the site's consumption during the past year. The energy produced is destined for CTT consumption and, if there is a surplus, it is injected into the network.

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 4.2 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 3,974 vehicles under direct operation, with transport services also being outsourced to third parties. CTT's fleet includes 497 alternative vehicles, predominantly electric vehicles, corresponding to 12.5% of the total fleet. During the period under analysis, 71 more light goods vehicles and 44 motorbikes entered into operation and the charging infrastructure was reinforced with the installation of 63 22kW AC chargers on the mainland Portugal and in the autonomous regions. Electric vehicles do not emit particles and NOx during their use and, as CTT acquires 100% of electricity from renewable sources, the carbon impact of these electric vehicles is zero, contributing to better air quality in cities. Also noteworthy during the reporting period is the entry into operation of 5 Delivery Offices equipped exclusively with electric vehicles: 1000 Lisboa, 1300 Lisboa, 2750 Cascais, 9880 Santa Cruz da Graciosa (Azores) and 9400 Porto Santo (Madeira).

Types of alternative vehicles



The kilometres travelled by CTT's fleet of alternative vehicles increased by 124% in relation to 2021, not only due to the increased number of this type of vehicle but also due to the optimisation and 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: Citroen AMI Cargo, Maxus and eDeliver 3 and 9 vans and Arrival vehicles. 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 about 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.

After the launch in 2020 of the CTT Green Deliveries service, in response to the search for less pollutant and more carbon neutral solutions by its business customers, in the first semester the number of vehicles and clients of this services grew again. The Green Deliveries service allows the end customers to receive their parcels by CTT electric vehicles in the cities of Lisbon and Oporto, for the contracted locations. CTT's electricity comes from 100% renewable sources, which makes this delivery carbon neutral. In addition, the project includes the collection of coffee capsules for recycling purposes, taking advantage of the return trips made for parcel delivery.

Raising awareness on safe driving has been a usual topic of focus and importance for CTT, in view of the size of the fleet and the large number of employees who travel the country's roads on a daily basis.

CTT's Road Prevention Programme covers all aspects in which human intervention can exert a positive influence, paying special attention to the training and awareness-raising of all the employees. In this regard, inhouse training and awareness-raising actions were promoted, involving a total of more than 30,000 participations, including all kinds of actions (awareness-raising, practical training of driving and training for senior managers). Preliminary accident data indicate a slight reduction in work-related accidents with a road cause and a small increase in material damage accidents.

The creation of the CTT Road Safety Plan 2022-2030, aligned with the objectives of the Road Safety Decade 2021-2030, is underway. It should be noted that CTT was recently invited to chair the Road Safety Expert Group of the UPU - Universal Postal Union.

Also within the scope of the fleet, several training/awareness-raising actions were carried out: Zero Rate Driving, Cinto-me vivo (action to raise awareness to the need to use safety belt held in conjunction with ANSR - National Authority for Road Safety), CTT electric vehicles, two-wheeled vehicles and road accidents, Mobile Phone and Driving, and eco-defensive driving.

In the 1st half of 2022, CTT continued to develop the actions foreseen to be undertaken within the scope of the Lisbon Green Capital Commitment 2020 – Lisbon 2030 Climate Action, and the Corporate Mobility Pact for the City of Lisbon was concluded. 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 14 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 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 endorsement of this agreement publicly reinforced CTT's commitment to sustainable mobility and carbon management, in a continuous attitude of engagement, transparency and commitment. According to the Lisbon City Council, this pact identified, in terms of the promotion of electric vehicles, potential savings of approximately 10k tons of CO₂, to which CTT will have contributed with approximately 380 tons.

In order to meet the expectations of its customers, CTT continues to develop its network of parcel lockers. These lockers allow CTT e-commerce customers to pick up their parcels more conveniently and within more extended operating times. At the end of the 1st half of the year, the locker network was made up of 350 units nationwide, with its expansion planned until the end of the year. On an operational level, lockers allow CTT to optimise distribution operations by delivering more parcels per km travelled, with the consequent associated environmental gains.

Atmospheric emissions

In the 1st half of 2022, there was a decrease of 1.6% 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 slight decrease of 2% in fuel consumption. The reasons for this decrease are presented above under the topic "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, and travelling on Company business and commuting, the latter two not covered in the data presented below:

CTT carbon emissions

t CO ₂ ²¹	1H21	1H22	Δ 1H22/1H21
Direct emissions – Scope 1	7,990.8	7,858.9	-1.7%
Indirect emissions – Scope 2	4.6	6.3	37.0%
Indirect emissions – Scope 3	23,675.8	24,762.6	4.6%
Total emissions (Scopes 1, 2 and 3)	31,671.2	32,627.8	3.0%

The activity of the outsourced road fleet increased (1% of the distance travelled), with direct impact on the associated carbon emissions. However, a significant part of CTT's cargo activity was outsourced during 2021, a component that is not reflected in the reported carbon emissions performance. It is worth highlighting that CTT has been investing and implementing dynamic routing systems, which enhance the optimization of routes and, consequently, the energy efficiency associated with transporting and distributing mail, parcels and express items. With regard to the km travelled by the vehicles belonging to the postmen and women, there was a high reduction in the km travelled in light goods vehicles.

The emissions resulting from the air transport of mail, express and parcels products registered an increase compared to the same semester of the previous year. In domestic air transport, there was a 27% increase in the weight of EMS (express) transported and 35% in postal parcels, because, since flights were resumed, this allowed for the preferential use of this mode of transporting postal items. International air transport increased by 39.5% in total weight transported, especially in EMS with a 76.3% increase, although difficulties remain in the offer and operation of international flights.

Emissions resulting from sea transport of mail, express and parcels decreased by 5%, due to the fact that air transport was preferred as a result of the greater number of flights available.

Other indirect atmospheric emissions

t CO ₂	1H21	1H22	Δ 1H22/1H21
Air transport	6,734.8	7,545.9	12.0%
Sea transport	58.4	55.6	-4.8%
Road transport by outsourced fleet	16,136.5	16,601.6	2.9%
Delivery by postmen on motorcycles	746.1	559.6	-25.0%
Air and rail travel on company business	nc	nc	nc
Commuting	nc	nc	nc
Total outsourced transport (Scope 3)	23,675.8	24,762.7	4.6%

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

²¹ Scope 1 Fleet: value estimated based on the emission factors published by the Portuguese Environment Agency (APA) (https://apambiente.pt/sites/default/files/_Clima/Inventarios/NIR20210415.pdf) and the Global Warming Potential Values - IPCC Fifth Assessment Report (AR5), by converting pollutant emissions to CO₂, and based on emission factors for CH₄ and N₂O. Excluding CORRE, NNS and HCCM. Scope 1 Gas: value estimated based on Order 6476-H/2021 and the WRI GHG Emission Factors Compilation, by converting pollutant emissions to CO₂, and based on emission factors for CH₄ and N₂O. Excluding CORRE, NNS and HCCM fleets. Scope 2 Thermal energy: 2020 value estimated based on the WRI GHG Emission Factors Compilation; 2021 value estimated based on Order 4343/2019 and <https://www.sce.pt/relatorio-dgeg-factor-energia-primaria-da-rede-da-climaespaco-v0/>. Scope 3, excluding travelling on Company business and Commuting: value estimated based on the WRI methodology of the Greenhouse Gas Protocol tool for mobile consumption version 2.6, by means of the conversion factors in the Compilation of emission factors used in the cross-sector tools for the various fuels used by the fleets and applied to their consumptions. Excluding travelling on Company business, commuting, CORRE, NNS and HCCM.

offer in Portugal is also carbon neutral, with no added costs for customers. Overall, the carbon neutral offer represents 16.2% of CTT's total 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, which consists of recycling used COVID-19 masks, through their chemical transformation into polymeric polypropylene plates, allowing the creation of new products. From the point of view of waste recovery and the circular economy, this initiative generates a positive impact, since this waste, usually disposed of in ordinary bins, gains a new value. In December 2021, as the first fruits of this project, around 6,000 masks used in CTT's operational areas were collected, which contributed to the production of around 3,200 small Christmas decorations delivered to the employees in these areas. Given the good reception by CTT employees, in 2022, this action was extended to more buildings, including the CTT Headquarters in Lisbon.

Also in this context, the Paper Strips pilot project includes the use of 100% paper waste from CTT buildings, providing customers with strips of paper to package their parcels free of charge. This is also an initiative that promotes the circular economy and waste recovery, since paper goes from being waste to being a filling resource, thus reducing its production as waste. A survey was conducted to assess the receptiveness of customers and post office employees, and the evaluation was "Very Positive" and "Positive" for 100% of customers surveyed.

As part of the eco portfolio, CTT Reusable ECO Packaging was launched in 2021, in partnership with Sanjo and Naz. This is aimed at e-commerce clients, being an alternative to single-use packaging and designed to be used up to 50 times, thus bringing numerous advantages at environmental level: reduction of waste inherent to single-use packaging options, reduction of the carbon footprint related to their production and also the promotion of the circular economy through reuse. In this context, a partnership was recently established with Decathlon, which, as an e-seller, may now pack its online shipments in reusable packaging and, in turn, e-buyers may choose to receive their products in this type of packaging (for now, only in Lisbon). By choosing to receive a parcel in a CTT Reusable ECO Packaging, the buyer must return it to CTT shops, in selected mailboxes or directly to the distributor upon delivery of the parcel, so that the purpose of this product is fulfilled and its useful life is extended.

Also with the aim of contributing to proper waste management, but also wanting to reduce impacts on biodiversity, CTT carried out an environmental volunteering action with its employees and their families, which consisted in the removal of marine litter from two Portuguese beaches. The waste was collected by category of the materials (plastic, glass, paper and cardboard, textiles and cigarette butts, among others), with a view to their subsequent recycling. A total of 10.7 kg of plastic and 1,726 cigarette butts were collected.

Biodiversity

Although the impacts on biodiversity are considered to be indirect, CTT dedicates special attention to their mitigation. The "A Tree for the Forest" initiative was again held for the 8th consecutive year, in partnership with Quercus, which 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, having already enabled the planting of more than 100 thousand trees. In this edition, 6,700 kits were sold, which represented the number of trees planted – this time at Mata da Machada, in Barreiro – 6,000 of which by more than 500 volunteers.

Training and awareness-raising

As awareness and the availability of information are truly crucial points in the promotion of environmental sustainability, CTT regularly undertakes, internally and externally, numerous initiatives

that promote awareness on the subject, the dissemination of good practices and also alert to certain environmental aspects, such as the conservation of resources and the protection of nature, among others.

To this end, several articles and content of an environmental and social nature were published in the CTT magazine, for internal dissemination, with a view to raising employees' awareness. Similarly, environmental content was also broadcast on the internal CTT TV channel, in the head office building. There were also themed days, such as the International Recycling Day, where, with a view to promoting environmental literacy, information was made available about the sustainability pyramid, as well as useful tips for rethinking and reducing the waste that each of us produces every day; the World Environment Day, with the sharing of some interesting facts and proposals of environmental practices that can be carried out with the family; the World Oceans Day, when, in partnership with LPN - Liga para a Proteção da Natureza (Nature Protection League), an internal webinar was held on "Marine Debris", raising awareness of the problem of ocean pollution, culminating with a volunteer beach-cleaning action; and the World Earth Day, which involved a competition for the children of the workers to share their vision of the planet on which they will live.

E-newsletters with sustainability content are also distributed to the employees in the operational areas.

CTT also transmitted information in this scope through the social media and the TV channel of the retail network nationwide, for the digital audience and for customers.



05

Corporate Governance



**A future in service
efficiency**

5. CORPORATE GOVERNANCE

5.1. Corporate Bodies and Management²²

Board of Directors²³

<i>Chairman:</i>	Raul Catarino Galamba de Oliveira
<i>Executive Chairman:</i>	João Afonso Ramalho Sopas Pereira Bento (CEO)
<i>Members:</i>	António Pedro Ferreira Vaz da Silva
	Guy Patrick Guimarães de Goyri Pacheco (CFO)
	João Carlos Ventura Sousa
	João Miguel Gaspar da Silva (COO)
	Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia
	Steven Duncan Wood
	Duarte Palma Leal Champalimaud
	Isabel Maria Pereira Aníbal Vaz
	Jürgen Schröder
	Margarida Maria Correia de Barros Couto
	María del Carmen Gil Marín
	Susanne Ruoff

Board of the General Meeting²⁴

<i>Chairman:</i>	Pedro Miguel Duarte Rebelo de Sousa
<i>Vice-Chairwoman:</i>	Teresa Sapiro Anselmo Vaz Ferreira Soares

Remuneration Committee²⁵

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

Executive Committee²⁶

<i>Chairman:</i>	João Afonso Ramalho Sopas Pereira Bento (CEO)
<i>Members:</i>	António Pedro Ferreira Vaz da Silva
	Guy Patrick Guimarães de Goyri Pacheco (CFO)
	João Carlos Ventura Sousa
	João Miguel Gaspar da Silva (COO)

Audit Committee²⁷

<i>Chairwoman:</i>	Maria Luísa Coutinho Ferreira Leite de Castro Anacoreta Correia
<i>Members:</i>	Steven Duncan Wood
	María del Carmen Gil Marín

²² As of the date of approval of this Interim Integrated Report of the 1st Half of 2022.

²³ Members elected at the Annual General Meeting of CTT - Correios de Portugal, S.A. (CTT) held on 29 April 2020 for the term of office 2020/2022.

²⁴ Members elected at the Annual General Meeting of CTT - Correios de Portugal, S.A. (CTT) held on 29 April 2020 for the term of office 2020/2022.

²⁵ Members elected at the Annual General Meeting of CTT - Correios de Portugal, S.A. (CTT) held on 29 April 2020 for the term of office 2020/2022.

²⁶ Appointed by resolution of the Board of Directors of 29 April 2020 for the term of office 2020/2022.

²⁷ Members elected at the Annual General Meeting of CTT - Correios de Portugal, S.A. (CTT) held on 29 April 2020 for the term of office 2020/2022.

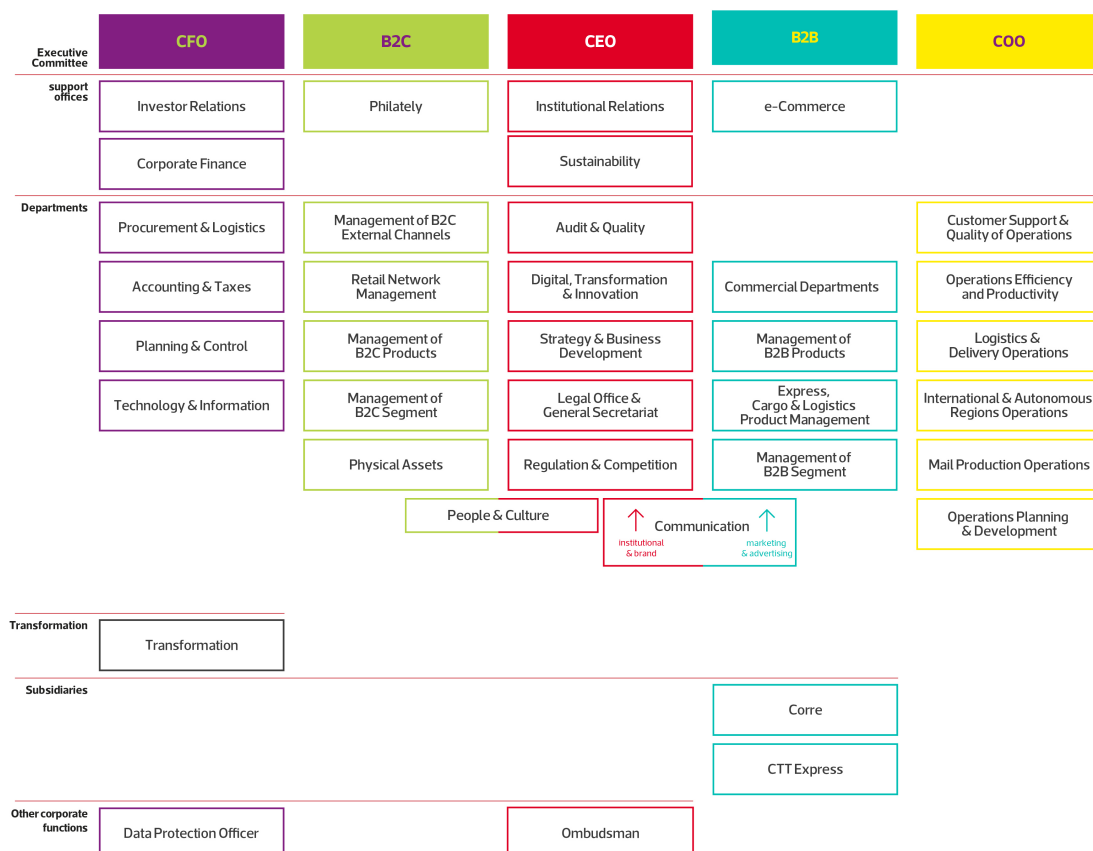
Corporate Governance, Evaluation and Nominating Committee²⁸

Chairman: Raul Catarino Galamba de Oliveira
Members: Isabel Maria Pereira Aníbal Vaz
 Duarte Palma Leal Champalimaud

Statutory Auditor²⁹

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

Management Organization – Corporate Structure



5.2. 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

²⁸ Appointed by resolution of the Board of Directors of 29 April 2020 for the term of office 2020/2022.

²⁹ Elected at the Annual General Meeting of CTT - Correios de Portugal, S.A. (CTT) held on 29 April 2020 for the term of office 2021/2023.

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, in the 1st half of 2022 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 2022, 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
Raul Catarino Galamba de Oliveira	<ul style="list-style-type: none"> 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 (non-executive) of the Board of Directors 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

Members of the Board of Directors	Internal Appointments	External Appointments
João Afonso Ramalho Sopas Pereira Bento	<ul style="list-style-type: none"> 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 Board of Directors and Chief Executive Officer of CTT 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"> 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) Vice-President and Acting President of Academia de Engenharia
António Pedro Ferreira Vaz da Silva	<ul style="list-style-type: none"> 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 CTT Soluções Empresariais, S.A. Member of the Board of Directors of Payshop (Portugal), S.A. Member of the Board of Directors and of the Executive Committee of CTT Member of the Board of Directors of CTT Expresso – Serviços Postais e Logística, S.A. Non-executive Member of the Board of Directors of Banco CTT, S.A. 	
Guy Patrick Guimarães de Goyri Pacheco	<ul style="list-style-type: none"> 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 and Chief Financial Officer (CFO) of CTT 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)

Members of the Board of Directors	Internal Appointments	External Appointments
João Carlos Ventura Sousa	<ul style="list-style-type: none"> 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 and of the Executive Committee of CTT 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
João Miguel Gaspar da Silva	<ul style="list-style-type: none"> 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. Member of the Board of Directors of CTT Expresso - Serviços Postais e Logística, S.A. Member of the Board of Directors and of the Executive Committee of CTT Member of the Board of Directors of CTT Contacto, S.A. 	
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 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 Non-executive Member of the Board of Directors of SFS – Gestão de Fundos, SGOIC, S.A. 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"> Member of the Audit Committee of CTT 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.

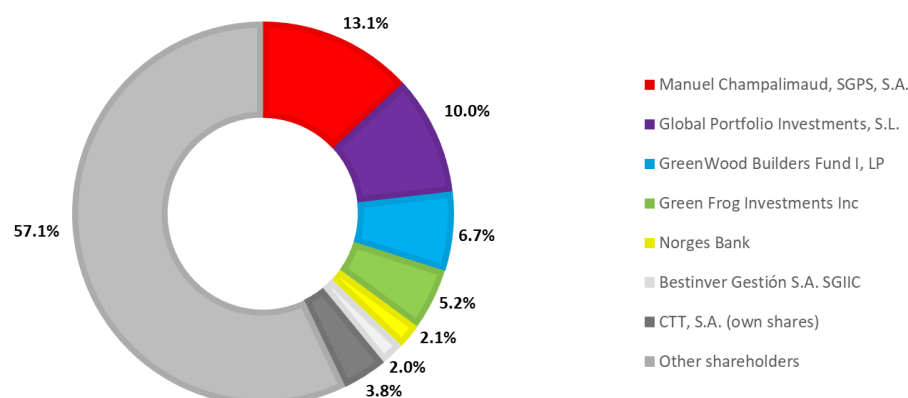
Members of the Board of Directors	Internal Appointments	External Appointments
Duarte Palma Leal Champalimaud	<ul style="list-style-type: none"> Non-executive Member of the Board of Directors of CTT Member of the Corporate Governance, Evaluation and Nominating Committee of CTT 	<ul style="list-style-type: none"> Chairman of the Board of Directors of Pentapack – Sistema de Embalagem, S.A. Manager of Star Swan Unipessoal, Lda. Manager of Sotaque – Assessoria de Comunicação e Traduções, Lda. Vice-Chairman 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)
Isabel Maria Pereira Aníbal Vaz	<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 Mota-Engil, SGPS, S.A. Chairwoman of the Board of Directors of Capital Criativo HealthCare Investments II, S.A. Chairwoman of the Board of Directors of Hospital da Luz - Coimbra S.A. Chairwoman of the Board of Directors of H.M.E. – Gestão Hospitalar, S.A. Member of the Board of Directors of Hospital da Luz Funchal, S.A. Chairwoman of the Board of Directors of Hospital da Luz - Guimarães, S.A. Chairwoman of the Board of Directors of GLSMED Learning Health, S.A. Chairwoman of the Board of Directors of Luz Saúde – Serviços, A.C.E. Chairwoman of the Board of Directors of Hospital da Luz – Centro Clínico da Amadora, S.A. Chairwoman of the Board of Directors of SGHL – Sociedade Gestora do Hospital de Loures, S.A. Chairwoman of the Board of Directors of Casas da Cidade – Residências Sénior, S.A. Chairwoman of the Board of Directors of CRB – Clube Residencial da Boavista, S.A. Chairwoman of the Board of Directors of Hospital da Luz - Oeiras, S.A. Chairwoman of the Board of Directors of Hospital da Luz, S.A. (LISBOA) Chairwoman of the Board of Directors of Surgicare – Unidades de Saúde, S.A. Chairwoman of the Board of Directors of Vila Lusitano – Unidades de Saúde, S.A. Chairwoman of the Board of Directors of Hospital Residencial do Mar, S.A. Chairwoman of the Board of Directors of Hospor – Hospitais Portugueses, S.A. Chairwoman of the Board of Directors of Casas da Cidade – Residências Sénior de Carnaxide, S.A. Chairwoman of the Board of Directors of RML – Residência Medicalizada de Loures, SGPS, S.A. Chairwoman of the Board of Directors of Hospital da Luz Arrábida, S.A. Chairwoman of the Board of Directors of Luz Saúde – Unidades de Saúde e de Apoio à Terceira Idade, S.A. Chairwoman of the Board of Directors of Hospital da Luz - Aveiro, S.A. Vice -Chairwoman of the Board of Directors and Chairwoman of the Executive Committee of Luz Saúde, S.A. Member of the International Advisory Board of The Lisbon MBA of Nova School of Business and Economics of Universidade Nova de Lisboa
Jürgen Schröder	<ul style="list-style-type: none"> Non-executive Member of the Board of Directors 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)

Members of the Board of Directors	Internal Appointments	External Appointments
Margarida Maria Correia de Barros Couto	<ul style="list-style-type: none"> Chairwoman of the Ethics Committee of CTT Non-executive Member of the Board of Directors 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 Fórum Oceano – Associação da Economia do Mar Secretary of the General Assembly of BCSD Portugal – Business Council for Sustainable Development Chairwoman of the Board of the Associação VdA Academia
Maria 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 	<ul style="list-style-type: none"> Member of the Board and of the Organization and Remuneration Committee of Eldora AG (Switzerland) Chief Executive Officer (CEO) of Ruoff Advisory GmbH (Switzerland) Board Advisor of Emirates Post, Dubai (UAE) Member of the Strategic Advisory Board of EPFL - École Polytechnique Fédérale de Lausanne (Switzerland)

5.3. Capital structure

At the end of the 1st half of 2022, CTT's share capital is €75,000,000.00, fully paid-up and underwritten, being represented by 150,000,000 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 2022, CTT shareholder structure in terms of qualifying holdings was as follows:



5.4. Holders of qualifying holdings

As at 30 June 2022, based on the communications made to the Company, the qualifying holdings in CTT were as follows:

Shareholders		Number of Shares	% Share Capital	% Voting Rights
Manuel Champalimaud SGPS, S.A. ⁽¹⁾		19,330,084	12.887%	12.887%
Manuel Carlos de Melo Champalimaud		353,185	0.235%	0.235%
Manuel Carlos de Melo Champalimaud ⁽¹⁾	Total	19,683,269	13.122%	13.122%
Global Portfolio Investments, S.L. ⁽²⁾		15,057,937	10.039%	10.039%
Indumenta Pueri, S.L. ⁽²⁾	Total	15,057,937	10.039%	10.039%
GreenWood Builders Fund I, LP ⁽³⁾		10,025,000	6.683%	6.683%
GreenWood Investors LLC ⁽³⁾	Total	10,025,000	6.683%	6.683%
Green Frog Investments Inc	Total	7,730,000	5.153%	5.153%
Norges Bank	Total	3,105,287	2.070%	2.070%
Bestinver Gestión S.A. SGIC ⁽⁴⁾	Total	3,024,366	2.016%	2.016%
CTT, S.A. (own shares) ⁽⁵⁾	Total	5,707,722	3.805%	3.805%
Remaining shareholders	Total	85,666,419	57.111%	57.111%
TOTAL		150,000,000	100.000%	100.000%

⁽¹⁾ Includes 19,246,815 shares held by Manuel Champalimaud SGPS, S.A. and 83,269 shares held by the members of its Board of Directors of which Duarte Palma Leal Champalimaud, Non-Executive Director of CTT, is Vice-Chairman. Qualified shareholding directly and indirectly attributable to Manuel Carlos de Melo Champalimaud.

⁽²⁾ Global Portfolio Investments, S.L. is controlled by Indumenta Pueri, S.L.

⁽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.

⁽⁴⁾ Bestinver Gestión S.A. SGIC 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. SGIC 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 as at 30 June 2022, following the acquisition of 4,207,721 shares in the context of the share buy-back program announced on 16 March 2022 (see press release available on CTT website, at https://www.ctt.pt/contentAsset/raw-data/bc3dfe33-dfdf-47c9-8178-a65ed5878ae6/ficheiroPdf/20220316_Programa%20recompra%20ações%20EN.pdf?bylnode=true). As a consequence, on 30 June 2022, the Company held, as a result of the transactions indicated herein, an aggregated total of 5,707,722 own shares, representing 3.81% of its share capital, including 1,500,001 own shares previously acquired.

5.5. Own Shares

On 18 March 2022, CTT started trading in the context of the share buy-back programme of the Company (“Buy-back Program”) pursuant to the terms and limitations set forth in (i) the resolution adopted under item 5 of the Agenda of the General Shareholders’ Meeting of CTT held on 21 April 2021 granting authorization for the acquisition and transfer of own shares by the Company and its subsidiaries, as set forth in such shareholders’ resolution and subject to a decision of the Company’s Board of Directors, and (ii) the resolution of the Board of Directors of CTT, of 16 March 2022, under which a share buy-back program was approved, the main terms and conditions of which may be found in the announcement regarding the start of trading within the Buy-back Program disclosed to the market on 16 March 2022.

In the context of said Buy-back Program, and as the financial intermediary in charge of the execution of said program, JB Capital Markets, S.V., S.A.U. acquired 4,207,721 shares representing CTT’s share capital, in Euronext Lisbon regulated market, in the period from 18 March to 30 June 2022 (inclusive), as detailed in the table below (aggregated information).

Date of the transaction	Aggregated Volume (shares)	Weighted Average Price (€)	% Session’s Total Volume	% Share Capital
18.03.2022	52,000	4.5336	3.80 %	0.03 %
21.03.2022	60,000	4.4606	7.61 %	0.04 %
22.03.2022	46,000	4.5297	5.58 %	0.03 %
23.03.2022	40,000	4.5138	10.54 %	0.03 %
24.03.2022	40,000	4.4584	8.12 %	0.03 %
25.03.2022	40,000	4.4796	13.69 %	0.03 %
28.03.2022	37,858	4.5439	9.39 %	0.03 %
29.03.2022	45,000	4.5986	9.06 %	0.03 %
30.03.2022	45,000	4.5367	6.59 %	0.03 %
31.03.2022	45,000	4.5349	10.23 %	0.03 %
01.04.2022	30,000	4.4979	7.18 %	0.02 %
04.04.2022	20,000	4.4416	5.04 %	0.01 %
05.04.2022	20,000	4.4081	3.18 %	0.01 %
06.04.2022	20,000	4.3360	2.79 %	0.01 %
07.04.2022	20,000	4.3594	4.33 %	0.01 %
08.04.2022	20,000	4.3720	8.14 %	0.01 %
11.04.2022	20,000	4.3325	5.27 %	0.01 %
12.04.2022	20,000	4.3613	5.74 %	0.01 %
13.04.2022	20,000	4.3322	8.56 %	0.01 %
14.04.2022	20,000	4.3960	5.60 %	0.01 %
19.04.2022	20,000	4.3976	10.93 %	0.01 %
20.04.2022	20,000	4.4434	5.04 %	0.01 %
21.04.2022	20,000	4.5194	3.89 %	0.01 %
22.04.2022	20,000	4.4074	6.19 %	0.01 %
25.04.2022	20,000	4.3246	4.26 %	0.01 %
26.04.2022	20,000	4.3078	5.01 %	0.01 %
27.04.2022	20,000	4.1995	7.11 %	0.01 %

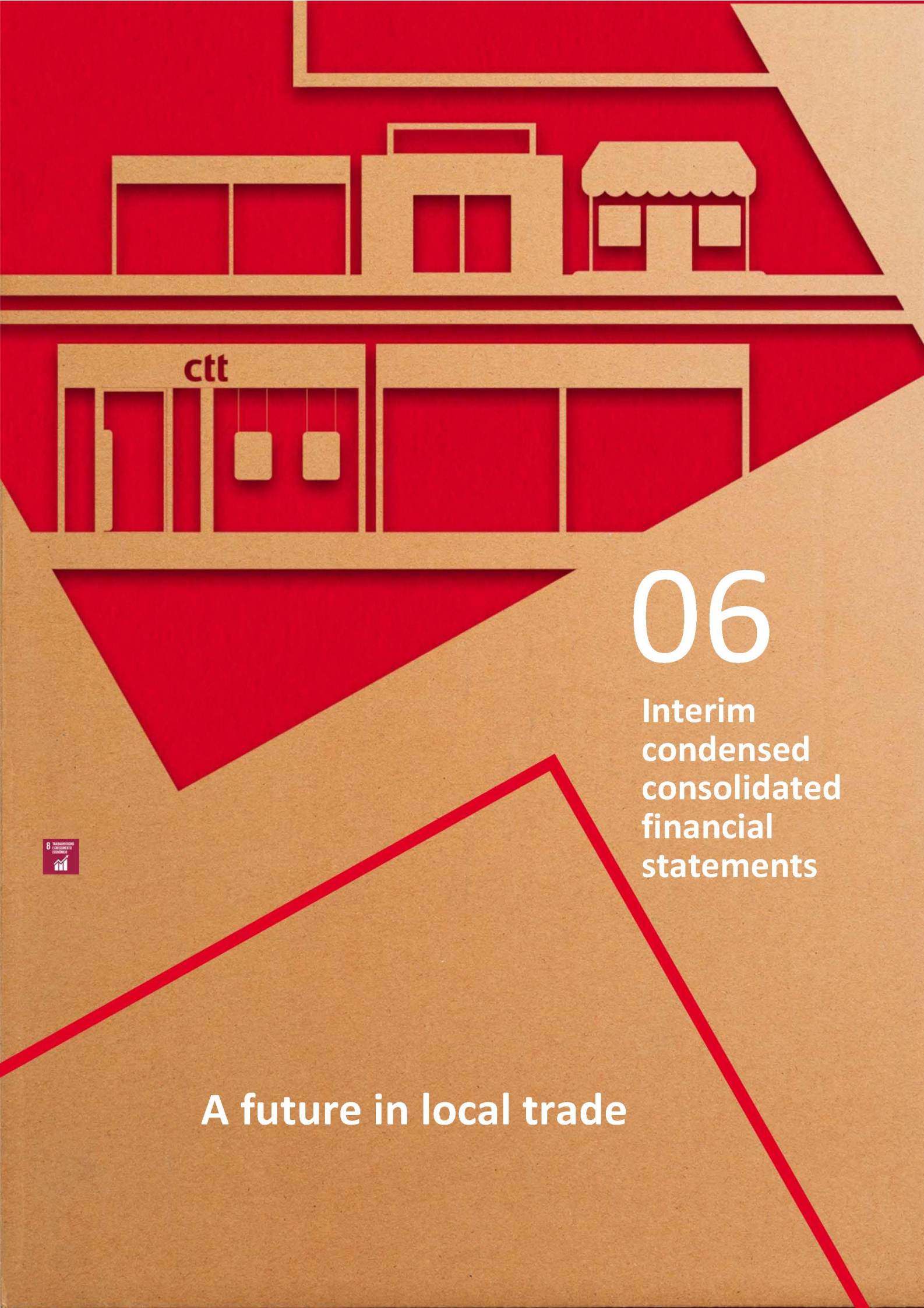
Date of the transaction	Aggregated Volume (shares)	Weighted Average Price (€)	% Session's Total Volume	% Share Capital
28.04.2022	20,000	4.2711	5.50 %	0.01 %
29.04.2022	20,000	4.2943	6.83 %	0.01 %
02.05.2022	20,000	4.3150	8.02 %	0.01 %
03.05.2022	20,000	4.2790	4.33 %	0.01 %
04.05.2022	20,000	4.2907	7.87 %	0.01 %
05.05.2022	25,000	4.2889	3.71 %	0.02 %
06.05.2022	45,000	4.0051	1.89 %	0.03 %
09.05.2022	50,000	3.9028	3.57 %	0.03 %
10.05.2022	45,000	3.8178	4.44 %	0.03 %
11.05.2022	35,000	3.7107	2.91 %	0.02 %
12.05.2022	30,000	3.6050	3.42 %	0.02 %
13.05.2022	77,131	3.6800	12.27 %	0.05 %
16.05.2022	75,000	3.7261	12.33 %	0.05 %
17.05.2022	80,000	3.7709	7.09 %	0.05 %
18.05.2022	80,000	3.6997	10.15 %	0.05 %
19.05.2022	70,278	3.6301	9.90 %	0.05 %
20.05.2022	70,000	3.6900	10.72 %	0.05 %
23.05.2022	70,000	3.7158	9.06 %	0.05 %
24.05.2022	75,000	3.7173	9.36 %	0.05 %
25.05.2022	80,000	3.6813	10.31 %	0.05 %
26.05.2022	80,000	3.7438	6.25 %	0.05 %
27.05.2022	65,000	3.7840	9.04 %	0.04 %
30.05.2022	60,000	3.8181	11.77 %	0.04 %
31.05.2022	80,000	3.7772	6.47 %	0.05 %
01.06.2022	65,000	3.7535	8.74 %	0.04 %
02.06.2022	60,000	3.7183	7.85 %	0.04 %
03.06.2022	50,000	3.7367	15.36 %	0.03 %
06.06.2022	55,000	3.7700	7.94 %	0.04 %
07.06.2022	50,000	3.7700	6.86 %	0.03 %
08.06.2022	55,000	3.7527	6.95 %	0.04 %
09.06.2022	60,000	3.6954	4.14 %	0.04 %
10.06.2022	150,000	3.5361	7.40 %	0.10 %
13.06.2022	175,000	3.3076	10.15 %	0.12 %
14.06.2022	150,000	3.2533	10.77 %	0.10 %
15.06.2022	175,000	3.1625	9.84 %	0.12 %
16.06.2022	240,000	3.0270	10.96 %	0.16 %
17.06.2022	194,454	3.0688	13.27 %	0.13 %
20.06.2022	120,000	3.1500	11.11 %	0.08 %
21.06.2022	120,000	3.1463	11.78 %	0.08 %
22.06.2022	75,000	3.0830	11.82 %	0.05 %
23.06.2022	100,000	3.1025	9.76 %	0.07 %
24.06.2022	100,000	3.1519	5.98 %	0.07 %
27.06.2022	50,000	3.1830	5.63 %	0.03 %
28.06.2022	50,000	3.2030	6.71 %	0.03 %
29.06.2022	10,000	3.1240	0.90 %	0.01 %
30.06.2022	10,000	3.0870	1.37 %	0.01 %

As a result of the transactions indicated above, as at 30 June 2022, CTT held an aggregated total of 5,707,722 own shares, with the nominal value of €0.50 each, representing 3.81% of its share capital, including 1,500,001 own shares previously acquired, the inherent voting rights being suspended as

prescribed in article 324(1)(a) of the Portuguese Companies Code, except for the right to receive new shares in the event of a share capital increase by incorporation of reserves.

During the period from 1 to 21 July 2022 (inclusive), date of the communication to the market of the last Interim report on the transactions carried out in the context of the share buy-back program (available on CTT website, at https://www.ctt.pt/grupo-ctt/investidores/comunicados/index?language_id=1), the Company, with JB Capital Markets, S.V., S.A.U. as intermediary, made the acquisitions detailed in the table below, with an aggregate total of 4,359,721 shares (acquired from 18 March to 21 July 2022). As a consequence, on 21 July 2022, the Company held, as a result of the transactions carried out in the context of the aforementioned share buy-back program, an aggregated total of 5,859,722 own shares, representing 3.91% of its share capital, including 1,500,001 own shares previously acquired.

Date of the transaction	Aggregated Volume (shares)	Weighted Average Price (€)	% Session's Total Volume	% Share Capital
01.07.2022	12,000	3.1050	1.70 %	0.01 %
04.07.2022	10,000	3.0900	1.79 %	0.01 %
05.07.2022	10,000	3.0700	1.28 %	0.01 %
06.07.2022	10,000	3.0350	1.39 %	0.01 %
07.07.2022	10,000	3.0250	1.46 %	0.01 %
08.07.2022	10,000	3.1050	1.26 %	0.01 %
11.07.2022	10,000	3.0950	1.29 %	0.01 %
12.07.2022	10,000	3.0300	1.67 %	0.01 %
13.07.2022	10,000	3.0300	1.65 %	0.01 %
14.07.2022	10,000	3.0100	2.31 %	0.01 %
15.07.2022	10,000	3.0500	1.70 %	0.01 %
18.07.2022	10,000	3.1470	1.32 %	0.01 %
19.07.2022	10,000	3.1513	1.72 %	0.01 %
20.07.2022	10,000	3.1950	1.76 %	0.01 %
21.07.2022	10,000	3.2260	1.56 %	0.01 %



ctt

06

Interim
condensed
consolidated
financial
statements



A future in local trade

6. INTERIM CONSOLIDATED STATEMENTS

CONDENSED FINANCIAL

CTT-CORREIOS DE PORTUGAL, S.A.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 AND 30 JUNE 2022 (Euros)

	NOTES	31.12.2021	Unaudited 30.06.2022
ASSETS			
Non-current assets			
Tangible fixed assets	4	296,287,578	301,318,331
Investment properties	6	6,327,424	6,221,365
Intangible assets	5	63,507,247	65,211,263
Goodwill		81,471,314	80,256,739
Investments in associated companies		481	481
Investments in joint ventures		17,992	—
Other investments		311,684	461,684
Financial assets at fair value through profit or loss		2,261,947	10,579,161
Debt securities at fair value through other comprehensive income	8	4,906,841	—
Debt securities at amortized cost	8	294,986,658	392,392,454
Other non-current assets		1,772,136	1,335,233
Credit to banking clients	10	1,125,984,322	1,201,402,163
Other banking financial assets	9	5,237,710	2,934,339
Deferred tax assets	26	87,255,087	74,320,224
Total non-current assets		1,970,328,421	2,136,433,437
Current assets			
Inventories		6,872,274	8,861,915
Accounts receivable		160,930,050	176,379,700
Credit to banking clients	10	415,924,171	456,185,249
Income taxes receivable		8,268	8,268
Prepayments	11	8,725,934	11,275,884
Financial assets at fair value through profit or loss		24,999,138	25,891,746
Debt securities at fair value through other comprehensive income	8	1,188,069	4,119,749
Debt securities at amortized cost	8	39,173,861	129,006,542
Other current assets		68,848,382	64,780,003
Other banking financial assets	9	9,721,536	13,094,364
Cash and cash equivalents	12	877,872,696	847,268,355
		1,614,264,378	1,736,871,775
Non-current assets held for sale		605,798	102,693
Total current assets		1,614,870,176	1,736,974,468
Total assets		3,585,198,598	3,873,407,905
EQUITY AND LIABILITIES			
Equity			
Share capital	14	75,000,000	75,000,000
Own shares	15	(6,404,963)	(21,826,988)
Reserves	15	67,078,351	67,880,211
Retained earnings	15	43,904,074	64,695,130
Other changes in equity	15	(43,998,612)	(9,957,085)
Net profit		38,404,113	14,549,183
Equity attributable to equity holders		173,982,963	190,340,451
Non-controlling interests		563,106	1,284,157
Total equity		174,546,069	191,624,608
Liabilities			
Non-current liabilities			
Medium and long term debt	18	149,336,438	150,746,661
Employee benefits	19	260,805,742	213,098,330
Provisions	20	14,679,520	14,376,468
Prepayments	11	272,088	266,487
Other banking financial liabilities	9	277,760,616	469,879,618
Deferred tax liabilities	26	2,427,513	4,756,045
Total non-current liabilities		705,281,916	853,123,609
Current liabilities			
Accounts payable	21	350,304,332	341,800,704
Banking clients' deposits and other loans	22	2,121,511,345	2,243,800,254
Employee benefits	19	21,090,144	20,429,057
Income taxes payable	23	11,611,897	3,927,988
Short term debt	18	51,783,012	51,406,076
Prepayments	11	3,452,240	5,676,237
Other current liabilities		118,594,781	123,662,049
Other banking financial liabilities	9	27,022,862	37,957,323
Total current liabilities		2,705,370,613	2,828,659,688
Total liabilities		3,410,652,529	3,681,783,297
Total equity and liabilities		3,585,198,598	3,873,407,905

CTT-CORREIOS DE PORTUGAL, S.A.

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2021 AND 30 JUNE 2022

Euros

	NOTES	Six months ended		Three months ended	
		Unaudited	Unaudited	Unaudited	Unaudited
		30.06.2021	30.06.2022	30.06.2021	30.06.2022
Sales and services rendered	3	372,191,809	394,230,817	185,909,613	184,033,580
Financial margin		25,741,101	34,420,500	14,182,696	18,013,104
Other operating income		14,850,803	17,777,828	7,364,452	8,573,353
		412,783,714	446,429,145	207,456,762	210,620,036
Cost of sales		(9,234,154)	(29,815,397)	(4,269,659)	(4,341,527)
External supplies and services		(156,967,538)	(166,691,283)	(80,190,884)	(80,751,966)
Staff costs	24	(185,492,787)	(180,074,236)	(96,155,579)	(88,055,431)
Impairment of accounts receivable, net		(813,720)	(1,323,526)	38,177	(42,278)
Impairment of other financial banking assets		(6,300,651)	(10,754,114)	(4,883,624)	(6,973,499)
Provisions, net	20	(28,708)	(1,087,346)	64,889	(429,044)
Depreciation/amortization and impairment of investments, net		(28,612,839)	(31,802,203)	(14,609,604)	(16,422,541)
Net gains/(losses) of assets and liabilities at fair value through profit or loss		—	5,937,974	—	2,132,382
Net gains/(losses) of other financial assets at fair value through other comprehensive income		12,171,894	—	12,171,894	—
Gains / (losses) on derecognition of financial assets and liabilities at amortized cost		2,210,811	—	—	—
Other operating costs		(8,720,484)	(10,127,367)	(4,505,242)	(5,431,514)
Gains/losses on disposal of assets		15,121	22,467	(1,316)	(21,925)
		(381,773,054)	(425,715,031)	(192,340,947)	(200,337,341)
		31,010,660	20,714,116	15,115,815	10,282,695
Interest expenses	25	(4,273,952)	(4,562,688)	(2,127,277)	(2,363,357)
Interest income	25	26,282	12,679	20,296	(98,435)
ventures		(1,102,769)	(100,855)	(610,188)	(60,207)
		(5,350,439)	(4,650,864)	(2,717,169)	(2,521,999)
Earnings before taxes		25,660,221	16,063,252	12,398,646	7,760,696
Income tax for the period	26	(8,404,833)	(1,499,328)	(3,876,808)	326,989
Net profit for the period		17,255,388	14,563,924	8,521,838	8,087,685
Net profit for the period attributable to:					
Equity holders		17,186,714	14,549,183	8,486,290	8,096,796
Non-controlling interests		68,674	14,741	35,547	(9,110)
Earnings per share:	17	0.11	0.10	0.06	0.05

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 MONTH PERIODS ENDED 30 JUNE 2021 AND 30 JUNE 2022

Euros

	NOTES	Six months ended		Three months ended	
		Unaudited	Unaudited	Unaudited	Unaudited
		30.06.2021	30.06.2022	30.06.2021	30.06.2022
Net profit for the period		17,255,388	14,563,924	8,521,837	8,087,686
Adjustments from application of the equity method (non re-classifiable adjustment to profit and loss)	15	12,347	43,385	7,158	23,993
Changes to fair value reserves	15	(18,716)	(8,140)	(18,961)	(6,742)
Employee benefits (non re-classifiable adjustment to profit and loss)	15	—	47,275,716	—	47,275,716
Deferred tax/Employee benefits (non re-classifiable adjustment to profit and loss)	15	—	(13,234,189)	—	(13,234,189)
Other changes in equity		12,347	706,309	7,158	686,917
Other comprehensive income for the period after taxes		5,978	34,783,081	(4,645)	34,745,695
Comprehensive income for the period		17,261,366	49,347,005	8,517,192	42,833,381
Attributable to non-controlling interests		81,020	721,051	42,705	677,808
Attributable to shareholders of CTT		17,180,346	48,625,954	8,474,487	42,155,573

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 2021 AND 30 JUNE 2022

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 2020		75,000,000	(8)	65,919,935	(47,600,236)	39,962,419	16,669,309	323,675	150,275,094
Appropriation of net profit for the year of 2020		—	—	—	—	16,669,309	(16,669,309)	—	—
Dividends		—	—	—	—	(12,750,000)	—	—	(12,750,000)
Acquisition of own shares	15	—	(6,404,954)	—	—	—	—	—	(6,404,954)
Share plan	15	—	—	1,215,000	—	—	—	—	1,215,000
		—	(6,404,954)	1,215,000	—	3,919,309	(16,669,309)	—	(17,939,954)
Other movements	15	—	—	—	—	—	—	52,242	52,242
Actuarial gains/losses - Health Care, net from deferred taxes	15	—	—	—	3,601,623	—	—	—	3,601,623
Changes to fair value reserves	15	—	—	(56,584)	—	—	—	—	(56,584)
Adjustments from the application of the equity method	15	—	—	—	—	22,345	—	—	22,345
Net profit for the period		—	—	—	—	—	38,404,113	187,190	38,591,303
Comprehensive income for the period		—	—	(56,584)	3,601,623	22,345	38,404,113	239,431	42,210,930
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
Appropriation of net profit for the year of 2021		—	—	—	—	38,404,113	(38,404,113)	—	—
Dividends		—	—	—	—	(17,656,441)	—	—	(17,656,441)
Acquisition of own shares	15	—	(15,422,025)	—	—	—	—	—	(15,422,025)
Share plan	15	—	—	810,000	—	—	—	—	810,000
		—	(15,422,025)	810,000	—	20,747,672	(38,404,113)	—	(32,268,466)
Other movements	15	—	—	—	—	—	—	706,309	706,309
Actuarial gains/losses - Health Care, net from deferred taxes		—	—	—	34,041,527	—	—	—	34,041,527
Changes to fair value reserves	15	—	—	(8,140)	—	—	—	—	(8,140)
Adjustments from the application of the equity method	15	—	—	—	—	43,385	—	—	43,385
Net profit for the period		—	—	—	—	—	14,549,183	14,741	14,563,925
Comprehensive income for the period		—	—	(8,140)	34,041,527	43,385	14,549,183	721,050	49,347,006
Balance on 30 June 2022		75,000,000	(21,826,988)	67,880,211	(9,957,085)	64,695,130	14,549,183	1,284,157	191,624,608

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

CTT-CORREIOS DE PORTUGAL, S.A.

CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2021 AND 30 JUNE 2022

Euro

	NOTES	Unaudited 30.06.2021	Unaudited 30.06.2022
Cash flow from operating activities			
Collections from customers		361,228,416	395,596,279
Payments to suppliers		(184,032,120)	(233,878,290)
Payments to employees		(152,211,607)	(158,261,044)
Banking customer deposits		217,229,275	122,298,391
Credit to bank clients		(284,670,550)	(118,575,174)
Cash flow generated by operations		(42,456,586)	7,180,162
Payments/receivables of income taxes		32,736	(7,603,946)
Other receivables/payments		(22,461,767)	18,136,247
Cash flow from operating activities (1)		(64,885,617)	17,712,463
Cash flow from Investing activities			
Receivables resulting from:			
Tangible fixed assets		188,750	28,720
Financial investments		—	2
Investment in securities at fair value through other comprehensive income	8	187,841,317	2,798,356
Investment in securities at amortized cost	8	83,326,365	297,988,491
Other banking financial assets	9	86,590,000	4,055,000
Interest income		16,774	38,850
Payments resulting from:			
Tangible fixed assets		(8,981,233)	(9,209,743)
Intangible assets		(6,716,194)	(9,758,197)
Financial investments		(767,956)	(150,000)
Investment in securities at fair value through other comprehensive income	8	—	(1,146,911)
Investment in securities at amortized cost	8	(221,420,854)	(476,967,862)
Demand deposits at Bank of Portugal		(2,262,500)	(2,078,600)
Other banking financial assets	9	(64,800,000)	(3,250,000)
Cash flow from investing activities (2)		53,014,469	(197,651,894)
Cash flow from financing activities			
Receivables resulting from:			
Loans obtained	18	61,116,764	58,217,607
Capital realizations and other equity instruments		—	663,000
Other credit institutions' deposits		—	1,074,936
Other banking financial liabilities		169,070,854	201,500,000
Payments resulting from:			
Loans repaid	18	(35,881,158)	(66,098,731)
Other credit institutions' deposits		—	(1,084,308)
Interest expenses		(776,459)	(204,375)
Lease liabilities	18	(15,159,693)	(16,597,114)
Other banking financial liabilities	9	(10,721,757)	(7,837,685)
Acquisition of own shares		(6,404,954)	(15,359,915)
Dividends		(12,750,000)	(17,656,441)
Cash flow from financing activities (3)		148,493,595	136,616,973
Net change in cash and cash equivalents (1+2+3)		136,622,448	(43,322,458)
Cash and equivalents at the beginning of the period		498,826,782	856,957,546
Cash and cash equivalents at the end of the period	12	635,449,230	813,635,088
Cash and cash equivalents at the end of the period		635,449,230	813,635,088
Sight deposits at Bank of Portugal		18,058,100	22,016,400
Outstanding checks of Banco CTT / Checks clearing of Banco CTT		1,258,786	11,621,728
Impairment of slight and term deposits		(23,378)	(4,861)
Cash and cash equivalents (Balance sheet)		654,742,738	847,268,355

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 D. João II, no. 13, 1999-001 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-organizations 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 privatization of the capital of CTT took place on 5 December 2013. From this date, 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 privatization 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.

The shares of CTT are listed on Euronext Lisbon.

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

These financial statements were approved by the Board of Directors and authorized for issue on 27 July 2022.

2. Significant 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 2021, except for the new standards and amendments effective from 1 January 2022.

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:

- **Amendments to IFRS 3 – References to the Conceptual Framework for Financial Reporting** - This amendment updates the references to the Conceptual Framework in the text of IFRS 3, and no changes have been made to the accounting requirements for business combinations. The accounting treatment to be adopted in relation to liabilities and contingent liabilities under IAS 37 and IFRIC 21, incurred separately versus those included in a business combination, is also clarified.
- **Amendments to IAS 16 – Income obtained before entry into operation** - Clarifies the accounting treatment given to the consideration obtained with the sale of products that result from the production in the test phase of tangible fixed assets, prohibiting their deduction from the acquisition cost of the assets. The entity recognizes the income obtained from the sale of such products and the costs of their production in profit or loss.
- **Amendments to IAS 37 – Onerous contracts – costs of complying with a contract** - This amendment specifies that in the assessment of whether or not a contract is onerous, only expenses directly related to the performance of the contract can be considered, such as incremental costs related to direct labour and materials and the allocation of other directly related expenses such as the allocation of depreciation expenses of the tangible assets used to perform the contract. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly charged to the counterparty in accordance with the contract. This amendment shall apply to contracts which, at the beginning of the first annual reporting period to which the amendment is applied, still include unfulfilled contractual obligations, without the need to restate the comparative.
- **Amendments to IFRS 1 - Subsidiary as a first-time adopter of IFRS (included in the annual improvements for the 2018-2020 cycle)** - This improvement clarifies that, when the subsidiary chooses to measure its assets and liabilities at the amounts included in the consolidated financial statements of the parent company (assuming that no adjustment has occurred in the consolidation process), the measurement of accumulated translation differences of all foreign operations can be carried out at the amounts that would be recorded in the consolidated financial statements, based on the parent company's transition date for IFRS.
- **Amendments to IFRS 9 – Derecognition of financial liabilities – Fees to be included in the '10 percent' variation test (included in the annual improvements for the 2018-2020 cycle)** - This improvement clarifies which fees an entity must include when evaluating whether the terms of a financial liability are materially different from the terms of the original financial liability. This improvement clarifies that in the scope of derecognition tests carried out on renegotiated liabilities, only commissions paid or received between the debtor and creditor should be included, including commissions paid or received by the debtor or creditor on behalf of the other.

- **Amendments to IAS 41 – Taxation and fair value measurement (included in the annual improvements for the 2018-2020 cycle)** - This improvement eliminates the requirement to exclude tax cash flows when measuring the fair value of biological assets, ensuring consistency with the principles of IFRS 13 – Fair value.

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 2022, 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.

Since 2021, in the segment reporting, the calculation of EBITDA was simplified with the inclusion of impairments and provisions and with the leases impact covered by IFRS 16. Accordingly, the only difference between EBITDA and EBIT is depreciation and amortization and specific items.

The business of CTT is organized 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. 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 1st half of 2021 and 2022 are as follows:

Thousand Euros	30.06.2021				
	Mail	Express & Parcels	Financial Services & Retail	Bank	Total
Revenues	217,591	125,847	23,666	45,680	412,784
Sales and services rendered	215,452	125,536	23,464	7,740	372,192
<i>Sales</i>	4,413	139	6,031	—	10,583
<i>Services rendered</i>	211,039	125,397	17,434	7,740	361,609
Financial Margin	—	—	—	25,741	25,741
Other operating income	2,139	311	201	12,199	14,851
Operating costs - EBITDA	188,654	114,991	12,357	39,473	355,476
Staff costs	147,813	15,675	601	13,200	177,288
External supplies and services	37,855	99,310	1,313	16,128	154,607
Other costs	7,230	792	5,453	4,328	17,802
Impairment and provisions	536	269	—	4,975	5,779
Internal services rendered	(4,779)	(1,054)	4,991	842	—
EBITDA	28,937	10,855	11,308	6,207	57,307
Depreciation/amortization and impairment of investments, net	19,326	5,425	54	3,807	28,613
EBIT recurring	9,611	5,430	11,254	2,399	28,694
Specific itens	9,278	424	1	(12,019)	(2,316)
<i>Business restructurings</i>	8,015	174	—	—	8,189
<i>Strategic studies and projects costs</i>	843	—	—	380	1,223
<i>Other non-recurring income and expenses</i>	420	250	1	(12,399)	(11,729)
EBIT	333	5,006	11,253	14,419	31,011
Financial results					(5,350)
Net Financial Income					(4,248)
<i>Interest expenses</i>					(4,274)
<i>Interest income</i>					26
<i>Gains/losses in subsidiary, associated companies and joint ventures</i>					(1,103)
Earnings before taxes (EBT)					25,660
Income tax for the period					8,405
Net profit for the period					17,255
Non-controlling interests					69
Equity holders of parent company					17,186

Thousand Euros	30.06.2022				
	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/amortization 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
<i>Gains/losses in subsidiary, associated companies and joint ventures</i>					(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

As at 30 June 2022, the specific items mounted to -2.1 million euros, due to: (i) other non-recurring revenues and costs (-5.7 million euros), which include gross gains and losses arising from the valuation of contracted derivatives (-5 million euros); (iii) restructuring costs (+2.4 million euros), including suspension agreements of employment contracts; and (iv) strategic projects (+1.2 million euros).

The valuation of the derivatives structure in the amount of 5.0 million euros, as mentioned above, is the result of the MTM (Mark to Market) of interest rate derivatives in the form of Cap Agreement and Interest Rate Swap associated with the securitization operation Ulisses 2 and 3.

The revenues are detailed as follows:

Thousand Euros	30.06.2021	30.06.2022
Mail	217,591	241,608
Transactional mail	185,430	176,600
Editorial mail	6,617	6,181
Parcels (USO)	3,876	3,447
Advertising mail	9,116	8,783
Philately	2,441	2,189
Business Solutions	7,124	41,765
Other	2,988	2,643
Express & Parcels	125,847	122,698
Portugal	67,121	61,476
Parcels	58,555	55,074
Cargo	4,649	2,561
Banking network	2,301	2,092
Logistics	1,215	1,451
Other	400	298
Spain	57,223	59,523
Mozambique	1,503	1,698
Financial Services & Retail	23,666	24,182
Savings & Insurance	12,390	11,458
Money orders	2,819	2,970
Payments	872	806
Retail	7,469	8,356
Other	116	593
Bank	45,680	57,942
Net interest income	25,741	34,420
Interest income (+)	26,197	36,650
Interest expense (-)	(456)	(2,230)
Fees & commissions income (+)	18,135	21,607
Credits	1,910	2,640
Savings & Insurance	2,768	3,731
Accounts and Cards	5,392	6,411
Payments	8,048	8,770
Other commissions received	17	54
Other	1,804	1,915
	412,784	446,429

The revenue detail, related to sales and services rendered and financial margin, for the year ended 31 June 2021 and 30 June 2022, by the revenue's sources, are detailed as follows:

Nature	30.06.2021				
	Mail	Express & Parcels	Financial Services & Retail	Bank	Total
Postal Services	196,520,639	—	—	—	196,520,639
Express services	—	125,535,616	—	—	125,535,616
Merchandising products sales	—	—	1,128,937	—	1,128,937
PO Boxes	—	—	817,933	—	817,933
International mail services (*)	18,931,329	—	—	—	18,931,329
Financial Services fees	—	—	21,517,394	33,481,063	54,998,457
"Sales and Services rendered" and "Financial Margin" total	215,451,968	125,535,616	23,464,264	33,481,063	397,932,910

(*) Inbound Mail

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

The assets by segment are detailed as follows:

Assets (Euros)	31.12.2021					
	Mail	Express & Parcels	Financial Services & Retail	Bank	Non allocated assets	Total
Intangible assets	21,289,971	6,849,250	174,038	26,927,847	8,266,141	63,507,247
Tangible fixed assets	227,402,730	62,708,795	64,571	4,227,555	1,883,926	296,287,578
Investment properties	—	—	—	—	6,327,424	6,327,424
Goodwill	17,430,813	2,955,753	—	61,084,749	—	81,471,314
Deferred tax assets	—	—	—	—	87,255,087	87,255,087
Accounts receivable	—	—	—	—	160,930,050	160,930,050
Credit to bank clients	—	—	—	1,541,908,493	—	1,541,908,493
Financial assets at fair value through profit or loss	—	—	—	27,261,085	—	27,261,085
Debt securities at fair value through other comprehensive income	—	—	—	6,094,910	—	6,094,910
Debt securities at amortized cost	—	—	—	334,160,519	—	334,160,519
Other banking financial assets	—	—	—	14,959,246	—	14,959,246
Other assets	14,891,188	17,690,710	34,608,628	6,739,026	12,627,597	86,557,151
Cash and cash equivalents	—	15,590,602	—	662,721,068	199,561,026	877,872,696
Non-current assets held for sale	—	—	—	605,798	—	605,798
	281,014,703	105,795,111	34,847,237	2,686,690,296	476,851,252	3,585,198,598

Assets (Euros)	30.06.2022					
	Mail	Express & Parcels	Financial Services & Retail	Bank	Non allocated assets	Total
Intangible assets	26,344,891	6,963,041	227,056	26,003,745	5,672,529	65,211,263
Tangible fixed assets	219,304,206	77,285,302	50,723	3,437,143	1,240,956	301,318,331
Investment properties	—	—	—	—	6,221,365	6,221,365
Goodwill	16,216,237	2,955,753	—	61,084,749	—	80,256,739
Deferred tax assets	—	—	—	—	74,320,224	74,320,224
Accounts receivable	—	—	—	—	176,379,700	176,379,700
Credit to bank clients	—	—	—	1,657,587,412	—	1,657,587,412
Financial assets at fair value through profit or loss	—	—	—	36,470,907	—	36,470,907
Debt securities at fair value through other comprehensive income	—	—	—	4,119,749	—	4,119,749
Debt securities at amortized cost	—	—	—	521,398,996	—	521,398,996
Other banking financial assets	—	—	—	16,028,703	—	16,028,703
Other assets	11,081,929	25,840,987	21,632,800	15,391,326	12,776,426	86,723,468
Cash and cash equivalents	—	21,526,938	—	691,585,824	134,155,593	847,268,355
Non-current assets held for sale	—	—	—	102,694	—	102,694
	272,947,263	134,572,022	21,910,579	3,033,211,248	410,766,794	3,873,407,905

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

	31.12.2021					
	Mail	Express & Parcels	Financial Services & Retail	Bank	Non allocated assets	Total
Intangible assets	10,687,971	3,967,727	125,669	3,897,385	—	18,678,753
Tangible fixed assets	20,153,598	23,903,875	—	1,561,666	458,948	46,078,087
	30,841,569	27,871,602	125,669	5,459,051	458,948	64,756,839

	30.06.2022					
	Mail	Express & Parcels	Financial Services & Retail	Bank	Non allocated assets	Total
Intangible assets	3,870,452	1,904,815	93,751	1,875,937	—	7,744,955
Tangible fixed assets	8,951,633	20,489,482	—	104,716	—	29,545,830
	12,822,085	22,394,297	93,751	1,980,653	—	37,290,786

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

- “Intangible assets” (5,672,529 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” (1,240,956 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” (6,221,365 Euros): These assets are not allocated to the operating activity, which is why they are not allocated to any segment;
- “Deferred tax assets” (74,320,224 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” (176,379,700 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” (12.776,426 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 (134,155,593 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:

Other information (Euros)	31.12.2021				
	Mail	Express & Parcels	Financial Services & Retail	Bank	Total
Non-current debt	114,127,927	33,250,570	34,807	1,923,133	149,336,438
Bank loans	62,161,852	—	—	—	62,161,852
Lease liabilities	51,966,076	33,250,570	34,807	1,923,133	87,174,586
Current debt	35,785,578	15,240,151	27,024	730,259	51,783,012
Bank loans	14,436,742	7,732,258	—	—	22,169,000
Confirming	—	1,500,152	—	—	1,500,152
Lease liabilities	21,348,836	6,007,741	27,024	730,259	28,113,860
	149,913,506	48,490,722	61,831	2,653,392	201,119,450

Other information (Euros)	30.06.2022				
	Mail	Express & Parcels	Financial Services & Retail	Bank	Total
Non-current debt	103,994,075	45,322,887	22,186	1,407,513	150,746,661
Bank loans	55,166,706	—	—	—	55,166,706
Lease liabilities	48,827,369	45,322,887	22,186	1,407,513	95,579,955
Current debt	35,682,698	15,042,611	9,194	671,573	51,406,076
Bank loans	14,234,561	7,749,470	—	—	21,984,031
Confirming	—	—	—	—	—
Lease liabilities	21,448,138	7,293,141	9,194	671,573	29,422,045
	139,676,773	60,365,498	31,380	2,079,086	202,152,737

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

Thousand Euros	30.06.2021	30.06.2022
Revenue - Portugal	281,254	309,068
Revenue - other countries	90,938	85,163
	372,192	394,231

The revenue rendered in other countries, includes the revenue from the Express & Parcels rendered in Spain by CTT Espresso branch in this country, in the amount of 57,534 thousand Euros.

4. Tangible fixed assets

During the year ended 31 December 2021 and the six-months period ended 30 June 2022, the movements occurred in Tangible fixed assets, as well as the respective accumulated depreciation, were as follows:

	31.12.2021									
	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	35,479,827	339,115,881	168,452,024	3,602,903	70,641,110	26,092,908	6,019,646	1,237,818	231,178,507	881,820,624
Acquisitions	90,151	1,147,764	4,148,073	13,168	1,139,994	1,524,618	5,878,872	3,525,258	—	17,467,898
New contracts	—	—	—	—	—	—	—	—	28,610,189	28,610,189
Disposals	(222,547)	(7,914,602)	(7,094,964)	(21,041)	(1,742)	—	—	—	—	(15,254,896)
Transfers and write-offs	275,780	7,653,725	2,551,680	—	(126,872)	(311,937)	(8,287,534)	—	(6,528,059)	(4,773,218)
Remeasurements	—	—	—	—	—	—	—	—	1,179,139	1,179,139
Adjustments	—	4,652	158,587	8,868	9,590	5,727	1,918	—	(558,663)	(369,322)
Remeasurements lease terms	—	—	—	—	—	—	—	—	600,570	600,570
Change in the consolidation perimeter	—	469,081	868,215	3,500	393,551	58,375	—	—	2,189,935	3,982,657
Closing 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
Accumulated depreciation										
Opening balance	3,723,758	227,546,379	138,324,288	3,395,091	64,977,312	20,231,064	—	—	128,613,895	586,811,787
Depreciation for the period	—	8,880,869	6,507,580	60,416	1,685,243	1,310,469	—	—	26,397,955	44,842,534
Disposals	(203,240)	(8,423,387)	(6,925,351)	(20,498)	(1,465)	—	—	—	—	(15,573,941)
Transfers and write-offs	42,108	1,588,052	7,155	—	(126,338)	(285,824)	—	—	(2,996,447)	(1,771,295)
Adjustments	—	1,640	79,391	4,395	7,848	5,347	—	—	—	98,621
Change in the consolidation perimeter	—	264,751	859,406	2,139	247,118	5,949	—	—	1,169,535	2,548,897
Closing 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
Accumulated impairment										
Opening balance	—	—	—	—	—	19,460	—	—	—	19,460
Closing balance	—	—	—	—	—	19,460	—	—	—	19,460
Net Tangible fixed assets	32,060,584	110,618,196	30,231,146	165,855	5,265,913	6,083,227	3,612,902	4,763,076	103,486,680	296,287,578

	30.06.2022									
	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	—	246,828	438,859	15,667	245,786	212,579	2,399,174	668,366	—	4,227,260
New contracts	—	—	—	—	—	—	—	—	25,318,571	25,318,571
Disposals	—	(50,779)	(445,223)	—	(27,931)	—	—	—	—	(523,933)
Transfers and write-offs	—	546,590	3,432,176	—	(6,537)	(4,824)	(945,570)	(3,230,905)	(2,406,858)	(2,615,927)
Remeasurements	—	—	—	—	—	—	—	—	45,482	45,482
Adjustments	—	9,716	90,149	3,234	14,813	159,187	41,271	—	(8,612)	309,758
Closing balance	35,623,210	341,228,855	172,599,575	3,626,299	72,281,762	27,736,632	5,107,777	2,200,538	279,620,201	940,024,849
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	—	4,549,273	3,327,489	30,474	823,107	680,687	—	—	14,379,056	23,790,086
Disposals	—	(43,028)	(444,103)	—	(17,192)	—	—	—	—	(504,323)
Transfers and write-offs	—	(40,693)	(4,289)	—	(3,268)	(5,941)	—	—	(1,647,089)	(1,701,281)
Adjustments	—	873	46,917	2,456	3,482	2,305	—	—	89,941	145,975
Closing balance	3,562,627	234,324,729	141,778,483	3,474,473	67,595,847	21,944,056	—	—	166,006,845	638,687,058
Accumulated impairment										
Opening balance	—	—	—	—	—	19,460	—	—	—	19,460
Closing balance	—	—	—	—	—	19,460	—	—	—	19,460
Net Tangible fixed assets	32,060,584	106,904,126	30,821,093	151,827	4,685,915	5,773,117	5,107,777	2,200,538	113,613,355	301,318,331

The depreciation recorded in the Group amounting to 23,790,086 Euros (22,309,433 Euros on 30 June 2021), is booked under the caption Depreciation/amortization and impairment of investments, net.

In the period ended 31 December 2021, the caption “Changes in the consolidation perimeter” refers to the balances of the companies HCCM - Outsourcing Investment, S.A. and NewSpring Services, S.A. on the date of its acquisition.

As at 30 June 2022, Land and natural resources and Buildings and other constructions include 474,489 Euros (490,537 Euros as at 31 December 2021), 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, 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” – SIIE) 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.

During the six-months period ended 30 June 2022, the most significant movements in Tangible Fixed Assets were the following:

Buildings and other constructions:

The movements associated to acquisitions and transfers relate mostly to the capitalization of repairs in own and third parties’ buildings of CTT and CTT Expresso.

Basic equipment:

The amount related to acquisitions is mainly related with the upgrade of mail handling machines in the amount of 79 thousand euros, the acquisition of several postal equipment in the amount of 75 thousand euros by CTT Expresso and the acquisition of goods vehicles in the amount of 191 thousand euros by CORRE.

Office equipment:

The amount relating to acquisitions mainly concerns to the acquisition of several microcomputer equipment in the amount of 52 thousand Euros and the acquisition of furniture in the amount of 28 thousand Euros, at CTT and the acquisition of several microcomputer equipment in the amount of 70 thousand Euros and the acquisition of furniture in the amount of 17 thousand Euros at CTT Expresso.

Other tangible fixed assets:

The acquisitions caption essentially includes prevention and safety equipment in the amount of approximately 68 thousand Euros and the acquisition of air conditioning equipment for an approximate amount of 73 thousand Euros at CTT.

Tangible fixed assets in progress and advance payments to suppliers:

Under the acquisitions of tangible fixed assets in progress and advances payments to suppliers caption are, essentially, booked works in progress at CTT in the amount of 583 thousand euros, the sorters construction by CTT Espresso (Spain) in the amount of 1,702 thousand euros and the acquisition of treatment machines in the approximate amount of 668 thousand euros by CTT Espresso.

Rights of Use

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

	31.12.2021			
	Buildings	Vehicles	Other assets	Total
Tangible fixed assets				
Opening balance	198,020,167	31,683,313	1,475,027	231,178,507
New contracts	25,753,442	2,720,633	136,114	28,610,189
Transfers and write-offs	(5,941,969)	(586,090)	—	(6,528,059)
Remeasurements	1,779,709	—	—	1,779,709
Regularizations	(557,788)	(876)	—	(558,663)
Changes in the consolidation perimeter	2,096,605	93,330	—	2,189,935
Closing balance	221,150,166	33,910,310	1,611,141	256,671,618
Accumulated depreciation				
Opening balance	117,290,196	10,510,125	813,574	128,613,895
Depreciation for the period	19,348,499	6,835,484	213,973	26,397,955
Transfers and write-offs	(2,614,116)	(382,331)	—	(2,996,447)
Changes in the consolidation perimeter	1,117,563	51,971	—	1,169,535
Closing balance	135,142,142	17,015,249	1,027,547	153,184,938
Net Tangible fixed assets	86,008,024	16,895,061	583,595	103,486,680

	30.06.2022			
	Buildings	Vehicles	Other assets	Total
Tangible fixed assets				
Opening balance	221,150,166	33,910,310	1,611,141	256,671,618
New contracts	21,334,368	3,145,631	838,572	25,318,571
Transfers and write-offs	(2,247,871)	(158,986)	—	(2,406,858)
Remeasurements	45,482	—	—	45,482
Regularizations	(10,692)	2,080	—	(8,612)
Closing balance	240,271,453	36,899,035	2,449,713	279,620,201
Accumulated depreciation				
Opening balance	135,142,142	17,015,249	1,027,547	153,184,938
Depreciation for the period	10,548,341	3,642,730	187,985	14,379,056
Transfers and write-offs	(1,542,065)	(105,024)	—	(1,647,089)
Regularizations	89,522	419	—	89,941
Closing balance	144,237,940	20,553,374	1,215,531	166,006,845
Net Tangible fixed assets	96,033,512	16,345,660	1,234,182	113,613,355

The depreciation recorded, in the amount of 14,379,056 Euros (13,123,139 Euros on 30 June 2021), is booked under the caption "Depreciation/amortization and impairment of investments, net."

As at 31 December 2021, the amounts related to changes in the consolidation perimeter refer to the incorporation of New Spring Services and HCCM - Outsourcing Investment.

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 2022, no interest on loans was capitalized, 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 signs as at 30 June 2022, 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.

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

1. Yield Portfolio:

As disclosed in the press release to the market on 19 June 2022, CTT has entered into exclusive negotiations with a third party ("Third Party") aimed at creating a vehicle ("Vehicle") to own and manage this portfolio which essentially comprises (1) CTT's points of presence, particularly own retail stores and (2) the warehouses and logistics / distribution centers that are core part of CTT's operational network in Portugal.

The management of this Yield Portfolio aims at the onerous 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 2022, amount to 551,012 Euros.

5. Intangible assets

During the year ended 31 December 2021 and the six-months period ended 30 June 2022, the movements which occurred in the main categories of the Intangible assets, as well as the respective accumulated amortization, were as follows:

31.12.2021						
	Development projects	Computer Software	Industrial property	Other intangible assets	Intangible assets in progress	Total
Intangible assets						
Opening balance	4,380,552	133,716,151	17,275,736	444,739	9,208,639	165,025,816
Acquisitions	—	2,269,684	1,129,377	—	15,279,692	18,678,753
Disposals	—	(255,750)	—	—	—	(255,750)
Transfers and write-offs	—	12,620,694	(102,919)	—	(12,621,044)	(103,269)
Adjustments	—	—	85,168	—	—	85,168
Changes in the consolidation perimeter	—	—	432,868	1,053,154	—	1,486,022
Closing balance	4,380,552	148,350,779	18,820,229	1,497,893	11,867,286	184,916,739
Accumulated amortization						
Opening balance	4,378,267	90,676,717	11,509,131	444,739	—	107,008,855
Amortization for the period	1,272	11,694,901	1,366,535	—	—	13,062,708
Transfers and write-offs	—	(59)	(102,919)	—	—	(102,978)
Adjustments	—	—	45,958	—	—	45,958
Changes in the consolidation perimeter	—	—	281,178	1,053,154	—	1,334,332
Closing balance	4,379,539	102,371,559	13,099,884	1,497,893	—	121,348,875
Accumulated impairment						
Opening balance	—	—	—	—	—	—
Impairment losses for the period	—	—	—	—	60,617	60,617
Closing balance	—	—	—	—	60,617	60,617
Net intangible assets	1,013	45,979,220	5,720,345	—	11,806,669	63,507,247

30.06.2022						
	Development projects	Computer Software	Industrial property	Other intangible assets	Intangible assets in progress	Total
Intangible assets						
Opening balance	4,380,552	148,350,779	18,820,229	1,497,893	11,867,286	184,916,739
Acquisitions	—	1,282,855	259,562	—	6,202,538	7,744,955
Transfers and write-offs	—	8,540,241	(54,584)	(1,053,154)	(8,540,241)	(1,107,738)
Adjustments	—	—	38,476	—	(19,000)	19,476
Other movements - PPA NewSpring Services	—	—	—	1,864,330	—	1,864,330
Closing balance	4,380,552	158,173,875	19,063,683	2,309,070	9,510,583	193,437,762
Accumulated amortization						
Opening balance	4,379,539	102,371,559	13,099,884	1,497,893	—	121,348,875
Amortization for the period	637	6,815,918	786,273	300,698	—	7,903,527
Transfers and write-offs	—	—	(54,514)	(1,053,154)	—	(1,107,668)
Adjustments	—	—	21,148	—	—	21,148
Closing balance	4,380,176	109,187,477	13,852,792	745,438	—	128,165,883
Accumulated impairment						
Opening balance	—	—	—	—	60,617	60,617
Closing balance	—	—	—	—	60,617	60,617
Net intangible assets	376	48,986,398	5,210,892	1,563,632	9,449,966	65,211,263

The amortization for the period ended 30 June 2022, amounting to 7,903,527 Euros (6,142,816 Euros as at 30 June 2021) was recorded under Depreciation / amortization and impairment of investments, net.

In the period ended 31 December 2021, the caption "Changes in the consolidation perimeter" refers to the balances of the companies HCCM - Outsourcing Investment, S.A. and NewSpring Services, S.A. on the date of its acquisition.

In the period ended 30 June 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).

The caption Industrial property in the 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 amortized, 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 2022 from Intangible assets in progress to Computer software refer to IT projects, which were completed during the year.

The amounts of 1,186,512 Euros and 1,464,346 Euros were capitalized in computer software and in Intangible assets in progress as at 31 December 2021 and 30 June 2022, respectively, related to staff costs incurred in the development of these projects.

During the period ended 30 June 2022, the most significant movements in Intangible assets were the following:

Computer software:

The acquisitions caption essentially includes the acquisitions, by CTT Espresso, of the “Minerva” software in the amount of 208 thousand Euros, the CRM software in the amount of 100 thousand Euros and of the “Supplier Portal” software in the amount of 172 thousand Euros, and “Accipiens” software for a value of 313 thousand Euros at 321 Crédito.

Industrial property:

The acquisitions caption essentially includes the acquisitions, by CTT, of “Storage and Backup” licenses in the amount of 80 thousand Euros and “Desk Management” licenses in the amount of 162 thousand Euros.

The intangible assets in progress as at 30 June 2022 refer to IT projects that are being developed, the most significant being the following:

	30.06.2022
OneBiller Solution	854,287
Centralized Settlement Collections - software	642,936
New Mobile App for Field Force	383,050
SAP Hana & Hybris Billing	358,055
OnBoarding Digital	309,562
New Ecosystem Operations - Software	306,952
Client Area B2B - Software	282,761
Mailmanager - software	269,958
Lockers Tuga - Software	263,854
Demiminis	241,367
Gateway	238,023
Client Area B2C - Software	226,908
Productivity Increase in Distribution - Software	215,421
	4,593,134

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 2022.

The amount of research and development expenses incurred by the Group in 2021, in the amount of 6,474,190 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 2022, no interest on loans was capitalized, 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 at 30 June 2022, amount to 4,242,057 Euros.

6. Investment properties

During the year ended 31 December 2021 and the six-months period ended 30 June 2022, the Group has the following assets classified as properties:

	31.12.2021		
	Land and natural resources	Buildings and other constructions	Total
Investment properties			
Opening balance	3,192,033	13,282,551	16,474,584
Disposals	(26,832)	(126,599)	(153,431)
Transfers and write-offs	(275,780)	(1,925,784)	(2,201,564)
Closing balance	2,889,422	11,230,168	14,119,589
Accumulated depreciation			
Opening balance	202,509	8,745,858	8,948,368
Depreciation for the period	—	216,293	216,293
Disposals	(1,752)	(96,754)	(98,505)
Transfers and write-offs	(42,108)	(1,624,817)	(1,666,925)
Closing balance	158,649	7,240,580	7,399,229
Accumulated impairment			
Opening balance	—	450,308	450,308
Impairment for the period	—	(57,372)	(57,372)
Closing balance	—	392,936	392,936
Net Investment properties	2,730,773	3,596,652	6,327,424

	30.06.2022		
	Land and natural resources	Buildings and other constructions	Total
Investment properties			
Opening balance	2,889,422	11,230,168	14,119,589
Closing balance	2,889,422	11,230,168	14,119,589
Accumulated depreciation			
Opening balance	158,649	7,240,580	7,399,229
Depreciation for the period	—	106,059	106,059
Closing balance	158,649	7,346,640	7,505,289
Accumulated impairment			
Opening balance	—	392,936	392,936
Closing balance	—	392,936	392,936
Net Investment properties	2,730,773	3,490,592	6,221,365

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 2021 which were conducted by independent entities, amounts to 10,345,517 Euros.

On 31 December 2021, the caption Transfers and Write-offs includes the amount of 2,201,564 Euros related to the transfer from Investment Properties, as well as the corresponding accumulated depreciations of 1,666,925 Euros of a group of properties that were again assigned to the operational activity of the Group.

The depreciation for the six-months period ended 30 June 2022, of 106,059 Euros (113,939 Euros on 30 June 2021) was recorded in the caption Depreciation/amortization and impairment of investments, net.

For the six-months period ended 30 June 2022, the rents amount charged by the **Group** for properties and equipment leases classified as investment properties was 19,538 Euros (30 June 2021: 11,045 Euros).

For the period ended 31 December 2021, impairment losses, amounting to (57,372) Euros, were recorded in the caption "Depreciation/amortization and impairment of investments, net" and are explained by the properties transferred to tangible fixed assets.

7. Companies included in the consolidation

Subsidiary companies

As at 31 December 2021 and 30 June 2022, 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	31.12.2021			30.06.2022		
			Percentage of ownership			Percentage of ownership		
			Direct	Indirect	Total	Direct	Indirect	Total
Parent company:								
CTT - Correios de Portugal, S.A.	Portugal	Av. D. João II N.º 13 1999-001 Lisboa	—	—	—	—	—	—
Subsidiaries:								
CTT Expresso - Serviços Postais e Logística, S.A. ("CTT Expresso")	Portugal	Av. D. João II N.º 13 1999-001 Lisboa	100	—	100	100	—	100
Payshop Portugal, S.A. ("Payshop")	Portugal	Av. D. João II N.º 13 1999-001 Lisboa	—	100	100	—	100	100
CTT Contacto, S.A. ("CTT Con")	Portugal	Av. D. João II N.º 13 1999-001 Lisboa	100	—	100	100	—	100
CTT Soluções Empresariais, S.A. ("CTT Sol")	Portugal	Av. D. João II N.º 13 1999-001 Lisboa	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	Av. D. João II N.º 13 1999-001 Lisboa	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	Av. Duque d'Ávila, 46, 7º B 1050-083 Lisboa	—	100	100	—	100	100
HCCM - Outsourcing Investment, S.A. ("HCCM")	Portugal	Av. D. João II N.º 13 1999-001 Lisboa	—	100	100	—	—	—
NewSpring Services, S.A. ("NSS")	Portugal	Av. D. João II N.º 13 1999-001 Lisboa	—	100	100	—	100	100
CTT IMO - Sociedade Imobiliária, S.A. ("CTTI")	Portugal	Av. D. João II N.º 13 1999-001 Lisboa	100	—	100	100	—	100
Open Lockers, S.A. ("Lock")	Portugal	Av. D. João II N.º 13 1999-001 Lisboa	26	41	66	—	66	66
MedSpring, S.A. ("Med")	Portugal	Av. D. João II N.º 13 1999-001 Lisboa	—	—	—	—	100	100

In relation 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 25 January 2021, CTT - Correios de Portugal, S.A. subscribed a share capital increase in the subsidiary Banco CTT, S.A., with a cash contribution in the amount of 10,000,000 Euros and with the issue of 10,000,000 new shares with no par value, ordinary, nominative and with an issue value of 1 Euro each. Banco CTT, S.A.'s share capital amounting to 286,400,000 Euros increased to 296,400,000 Euros.

On 30 August 2021, the total share capital of NewSpring Services, S.A. ("NewSpring Services") and its holding HCCM - Outsourcing Investment, S.A. ("HCCM - Outsourcing Investment"), companies operating in the Business Process Outsourcing (BPO) and Contact Center market were acquired for an amount of 10,701,086 Euros, which amount was fully satisfied by financial settlement on that date.

On 22 December 2021, the entity CTT IMO - Sociedade Imobiliária, S.A., was established with the purpose of the purchase, exchange, sale and lease of real estate, and resale of the acquired assets for this purpose.

On 30 December 2021, the company Open Lockers, S.A. was established. This company was the result of a partnership agreement between CTT and YunExpress, the logistics business unit of the Chinese company Zongteng Group, which resulted in the creation of this partnership that aims to manage the business of a locker network for parcel pick-up in Portugal and Spain. CTT holds a 66% majority stake in the new company and YunExpress holds a 34% stake.

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 of 31 March 2022, CTT - Correios de Portugal, S.A. and CTT - Soluções Empresariais - S.A. proceeded with the sale of their investments in Open Lockers, S.A., of 25.5% and 15%, respectively, to CTT Expresso - Serviços Postais e Logística, S.A., 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 Expresso 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 Expresso 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 Investiment, S.A. was subject to a merger by incorporation into the company CTT Soluções Empresariais, S.A., 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 reorganization 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 - Correios de Portugal, S.A., with its implementation is still dependent on the signing of the contract with the buyer and the non-opposition of the regulator, which is expected to occur within 1 year. Therefore, as at 30 June 2022, at the level of the individual and consolidated accounts of Banco CTT, Payshop's assets and liabilities were reclassified as discontinued assets and liabilities. This reclassification did not, however, have an impact on the consolidated accounts of the CTT group.

Joint ventures

As at 31 December 2021 and 30 June 2022, the Group held the following interests in joint ventures, registered through the equity method:

Company name	Place of business	Head office	31.12.2021			30.06.2022		
			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
MKTPlace - Comércio Eletrónico, S.A ("MKTPlace")	Portugal	Rua Eng.º Ferreira Dias 924 Esc. 5 Porto	50	—	50	—	—	—

The entity Mktplace - Comércio Eletrónico, S.A., a partnership with Sonae - SGPS, S.A., corresponds to an e-commerce platform that provides integrated services for the intermediation of commercial relations between sellers and consumers. Each shareholder, CTT and Sonae, as at 31 December 2021, owned 50% of the share capital of the referred entity.

On 13 January 2022, the investment in Mktplace - Comércio Eletrónico, SA, (Dott) was sold to Worten - Equipamentos para o Lar, SA. The sale of the investment in Dott, created as an e-commerce benefit with the purpose of promoting the digitization of companies and entry into e-commerce, arise in the context of strengthening the partnership between CTT and Worten in the area of e-commerce. As two logistics companies working to deepen their partnership at the Iberian level, in areas such as instant delivery, several distribution flows for e-commerce and business orders, including fulfilment for sellers on the Worten marketplace, in order to maximize the of the respective businesses.

Associated companies

As at 31 December 2021 and 30 June 2022, the Group held the following interests in associated companies accounted for by the equity method:

Company name	Place of business	Head office	31.12.2021			30.06.2022		
			Percentage of ownership			Percentage of ownership		
			Direct	Indirect	Total	Direct	Indirect	Total
Mafelosa, SL ^(a)	Espanha	Castellon - Espanha	—	25	25	—	25	25
Urpacsur, 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	% Economic Interest	Consolidation Method
Ulisses Finance No.1 (*)	2017	Portugal	38,2%	Full
Ulisses Finance No.2 (*)	2021	Portugal	0.0004 %	Full
Ulisses Finance No.3 (*)	2022	Portugal	0,9%	Full
Chaves Funding No.8 (*)	2019	Portugal	100 %	Full
Next Funding No.1 (*)	2021	Portugal	100 %	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

In the consolidated financial statements at 31 December 2021, was included the structured entity Next Funding No.1. This entity was the result of a partnership between Banco CTT and Sonae Financial

Services for the financing of the Universo card and the related management of credit risk exposure. The underlying assets of the Next Funding No.1 operation were consolidated and recognized in Banco CTT's consolidated accounts, considering that Banco CTT is i) responsible for all relevant activities inherent to the management of the underlying assets, ii) has exposure to variable income and iii) has the ability to affect its variable returns through the power to manage the relevant activities.

Also in 2021, the CTT Bank Group issued a new securitization operation (Ulisses Finance No. 2) related to the auto loan portfolio originated by 321 Crédito in the amount of 250 million Euros. Considering IFRS10, this operation became part of the Group's consolidation perimeter.

On 1 June 2022, the Group issued a new securitization operation named Ulisses Finance nº 3, through its subsidiary 321 Crédito. This operation aimed to finance the growth of Banco CTT's activity, optimizing its capital and diversifying its sources of liquidity, through the securitization 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:

	31.12.2021	30.06.2022
Cash and cash equivalents	20,092,235	33,408,478
Financial assets at fair value through profit and loss (Derivatives)	2,261,947	10,579,161
Financial assets at amortized cost - Credit to Banking clients (Note 10)	298,716,076	324,116,083
Other banking financial liabilities (Debt securities issued) - note 9	277,795,753	470,072,904

Changes in the consolidation perimeter

As of 31 December 2021, the structured entities Next Funding No.1 and Ulisses Finance No.2 was included in the consolidation perimeter.

During the period ended 31 December 2021, the consolidation perimeter was also changed following the acquisition of NewSpring Services and its holding HCCM - Outsourcing Investment. On 16 June 2021, CTT through its subsidiary CTT Soluções Empresariais, S.A. entered into a purchase agreement for the acquisition of the total share capital of these companies, operating in the Business Process Outsourcing (BPO) and Contact Center market.

The acquisition was carried out on 30 August 2021 (transaction closing date), for an initial fixed price of 7,000,000 Euros, subject to adjustments, based on the accounts prepared at the transaction close, related to the net financial debt and working capital of the acquired companies, with the acquisition price of 10,701,086 Euros. Additionally, earnouts were agreed depending on the company's activity over the 2 years following the closing date, based on the achievement of pre-defined objectives for NewSpring Services, including EBITDA targets.

The Group incurred, in 2021, in expenses related to the acquisition of NewSpring Services of 190,716 Euros related to the transaction, namely financial advice and legal costs. These expenses were recorded in the External Supplies and Services item.

Recognition and measurement of identifiable assets acquired and liabilities assumed according with IFRS:

The Goodwill recognition on the acquisition date of HCCM - Outsourcing Investment and NewSpring Services is 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
Fair Value of 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 are related to the earnouts described above, and their fair value was determined based on the best estimate at the operation closing date, subject to revaluation at each reporting date. As at 30 June 2022, a part of the contingent components, in the amount of 1,500,000 Euros, has been materialized, and no differences from the initial estimate was found.

The goodwill is mainly attributable to the NewSpring Services' human capital skills and the synergies expected to be obtained from the company's integration into the Group's existing businesses. It should be noted that the calculated Goodwill, was fully allocated to the NewSpring Services Cash Generating Unit, since HCCM – Outsourcing investment has as its sole activity the shareholding management in this entity.

The fair value measurement methods applied by the Group are 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.

The assets acquired from HCCM – Outsourcing investment and NewSpring Services, as at 30 August 2021, was detailed as follows:

HCCM – Outsourcing investment	Initial recognition
Non current assets	
Tangible fixed assets	54,118
Goodwill	2,171,673
Intangible assets	70
Investments in subsidiaries	2,736,914
Other investments	4,121
Non current assets	4,966,896
Current assets	
Income tax receivables	7,498
Other current assets	1,091
Prepayments	3,798
Cash and cash equivalents	907,947
Current assets	920,334
Assets acquired (HCCM)	5,887,230

NewSpring Services	Initial recognition
Non current assets	
Tangible fixed assets	1,337,688
Intangible assets	151,620
Investments in joint ventures	54,045
Other investments	221,726
Non current assets	1,765,079
Current assets	
Account receivables	2,487,856
Other current assets	1,488,112
Prepayments	126,647
Cash and cash equivalents	4,007,867
Current assets	8,110,482
Assets acquired (NSS)	9,875,561

The detail of accounts receivable from NewSpring Services, as at 30 August 2021, was detailed as follows:

	Initial Recognition
Accounts receivables - National	2,487,856
Doubtful debts	51,648
Accumulated Impairment Losses	(51,648)
Total	2,487,856

The net book value of accounts receivable on the acquisition date amounts to 2,487,856 Euros, with no differences in relation to their fair value within the scope of IFRS 3.

On 22 December 2021, the entity CTT IMO - Sociedade Imobiliária, SA was established and on 30 December 2021 the company Open Lockers, S.A was established, which results from a partnership agreement between the Group and YunExpress, in which the Group holds a 66% majority stake in the new company and YunExpress, a 34% participation.

During six-months period ended 30 June 2022, the entity MedSpring, S.A. was established and the structured entity Ulisses Finance no.3 was created, having both integrated the consolidation perimeter.

8. Debt securities

As at 31 December 2021 and 30 June 2022, the caption Debt securities, showed the following composition:

	31.12.2021	30.06.2022
Non-current		
Financial assets at fair value through other comprehensive income ⁽¹⁾		
Government bonds	—	—
Bonds issued by other entities	4,906,841	—
	4,906,841	—
Financial assets at amortized cost		
Government bonds	295,098,611	392,529,319
Bonds issued by other entities	—	—
Impairment	(111,953)	(136,865)
	294,986,658	392,392,454
	299,893,499	392,392,454
Current		
Financial assets at fair value through other comprehensive income ⁽¹⁾		
Government bonds	849,374	535,121
Bonds issued by other entities	338,695	3,584,628
	1,188,069	4,119,749
Financial assets at amortized cost		
Government bonds	38,795,904	129,017,538
Bonds issued by other entities	386,509	—
Impairment	(8,552)	(10,995)
	39,173,861	129,006,542
	40,361,930	133,126,291
	340,255,429	525,518,745

⁽¹⁾ As at 31 December 2021 and 30 June 2022 includes the amount of 9,429 Euros and 1,257 Euros, respectively, regarding Accumulated impairment losses.

During 2021, there were carried out sales of debt securities at amortized cost in the amount of 204 million Euros (nominal value) which resulted in a gain of 17,777 thousand Euros. As at 30 June 2022, the increase in debt securities essentially refers to investment in Portuguese, Spanish, Italian and French debt securities.

For “Financial assets at fair value through other comprehensive income”, the changes in fair value are reflected in other comprehensive income.

The analysis of the Financial assets at fair Value through other comprehensive income and the Financial assets at amortized cost, by remaining maturity, as at 31 December 2021 and 30 June 2022 is detailed as follows:

	31.12.2021						
	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 fair value through other comprehensive income ⁽¹⁾							
Government bonds							
National	4,384	844,990	849,374	—	—	—	849,374
Bonds issued by other entities							
National	338,695	—	338,695	4,906,841	—	4,906,841	5,245,536
	343,079	844,990	1,188,069	4,906,841	—	4,906,841	6,094,910

⁽¹⁾ As at 31 December 2021 includes the amount of 3,194 Euros regarding Accumulated impairment losses.

	30.06.2022						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 fair value through other comprehensive income ⁽¹⁾							
Government bonds							
National	447,875	87,246	535,121	—	—	—	535,121
Bonds issued by other entities							
National	2,066	3,582,562	3,584,628	—	—	—	3,584,628
	449,941	3,669,808	4,119,749	—	—	—	4,119,749

⁽¹⁾ As at 30 June 2022 includes the amount of 1,257 Euros regarding Accumulated impairment losses.

	31.12.2021						
	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 amortized cost							
Government bonds							
National	2,521,147	22,264,251	24,785,398	38,565,156	122,194,456	160,759,612	185,545,010
Foreign	1,013,181	12,997,325	14,010,506	11,098,271	123,240,728	134,338,999	148,349,505
Bonds issued by other entities							
National	386,509	—	386,509	—	—	—	386,509
	3,920,837	35,261,576	39,182,413	49,663,427	245,435,184	295,098,611	334,281,023

	30.06.2022						
	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	
Financial assets at amortized cost							
Government bonds							
National	2,994,575	22,098,678	25,093,253	37,928,478	162,728,138	200,656,616	225,749,868
Foreign	4,165,458	99,758,827	103,924,285	13,059,545	178,813,159	191,872,703	295,796,988
	7,160,033	121,857,505	129,017,538	50,988,023	341,541,296	392,529,319	521,546,856

The impairment losses, for the year ended 31 December 2021 and six-months period ended 30 June 2022, are detailed as follows:

	31.12.2021					
	Opening balance	Increases	Reversals	Utilizations	Transfers	Closing balance
Non-current assets						
Financial assets at fair value through other comprehensive income	5,918	—	(5,019)	—	1,673	2,572
Financial assets at amortized cost	175,486	32,617	(89,741)	—	(6,410)	111,952
	181,404	32,617	(94,760)	—	(4,737)	114,524
Current assets						
Financial assets at fair value through other comprehensive income	3,511	—	(1,215)	—	(1,673)	623
Financial assets at amortized cost	6,505	2,492	(6,855)	—	6,410	8,552
	10,016	2,492	(8,070)	—	4,737	9,175
Financial assets at fair value through other comprehensive income	9,429	—	(6,235)	—	—	3,194
Financial assets at amortized cost	181,991	35,109	(96,595)	—	—	120,505
	191,420	35,109	(102,830)	—	—	123,699

	30.06.2022					
	Opening balance	Increases	Reversals	Utilizations	Transfers	Closing balance
Non-current assets						
Financial assets at fair value through other comprehensive income	2,572	—	—	—	(2,572)	—
Financial assets at amortized cost	111,952	36,126	(10,804)	—	(409)	136,865
	114,524	36,126	(10,804)	—	(2,981)	136,865
Current assets						
Financial assets at fair value through other comprehensive income	623	263	(2,201)	—	2,572	1,257
Financial assets at amortized cost	8,552	2,902	(868)	—	409	10,995
	9,175	3,165	(3,069)	—	2,981	12,252
Financial assets at fair value through other comprehensive income	3,194	263	(2,201)	—	—	1,257
Financial assets at amortized cost	120,505	39,028	(11,672)	—	—	147,860
	123,699	39,291	(13,873)	—	—	149,117

The impairment of “Financial assets at fair value against other comprehensive income” is reflected in other comprehensive income.

Regarding the movements in impairment losses of Financial assets at fair value through other comprehensive income by stages, for the year ended 31 December 2021 and six-months period ended 30 June 2022, they are detailed as follows:

	31.12.2021	30.06.2022
	Stage 1	Stage 1
Opening balance	9,429	3,194
Change in period:		
Increases due to origination and acquisition	—	263
Changes due to change in credit risk	(4,090)	(2,140)
Decrease due to derecognition repayments and disposals	(2,145)	(61)
Impairment - Financial assets at fair value through other comprehensive income	3,194	1,257

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

	31.12.2021	30.06.2022
	Stage 1	Stage 1
Opening balance	9,429	3,194
Change in period:		
ECL income statement change for the period	(6,235)	(1,938)
Impairment - Financial assets at fair value through other comprehensive income	3,194	1,257

For the impairment losses of Financial assets at amortized cost, the movements by stages, in the year ended 31 December 2021 and six-months period ended 30 June 2022, they are detailed as follows:

	31.12.2021	30.06.2022
	Stage 1	Stage 1
Opening balance	181,991	120,505
Change in period:		
Increases due to origination and acquisition	35,109	26,806
Changes due to change in credit risk	(78,141)	1,089
Decrease due to derecognition repayments and disposals	(18,455)	(539)
Impairment - Financial assets at amortized cost	120,505	147,860

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

	31.12.2021	30.06.2022
	Stage 1	Stage 1
Opening balance	181,991	120,505
Change in period:		
ECL income statement change for the period	(61,487)	27,356
Impairment - Financial assets at amortized cost	120,505	147,860

According to the accounting policy in force, the Group regularly assesses whether there is objective evidence of impairment in its financial asset portfolios at fair value through other comprehensive income and other financial assets at amortized cost.

9. Other banking financial assets and liabilities

As at 31 December 2021 and 30 June 2022, the caption “Other banking financial assets” and “Other banking financial liabilities” showed the following composition:

	31.12.2021	30.06.2022
Non-current assets		
Loans to credit institutions	5,239,419	2,935,177
Impairment	(1,709)	(838)
	5,237,710	2,934,339
Current assets		
Investments in credit institutions	2,350,000	4,700,000
Loans to credit institutions	6,185,069	5,328,929
Impairment	(2,197)	(3,181)
Other	2,988,970	4,881,307
Impairment	(1,800,306)	(1,812,691)
	9,721,536	13,094,364
	14,959,246	16,028,703
Non-current liabilities		
Debt securities issued	277,760,616	469,879,618
	277,760,616	469,879,618
Current liabilities		
Debt securities issued	35,137	193,286
Other	26,987,725	37,764,037
	27,022,862	37,957,323
	304,783,478	507,836,941

Investments in credit institutions and Loans to credit institutions

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

	31.12.2021	30.06.2022
Up to 3 months	2,337,172	1,942,359
From 3 to 12 months	6,197,897	8,086,570
From 1 to 3 years	5,239,419	2,935,177
Over 3 years	—	—
	13,774,489	12,964,106

The caption "Investments at credit institutions" showed an annual average return of 1.418% (31 December 2021: 1.191%).

Impairment

The impairment losses, in the year ended 31 December 2021 and six-months period ended 30 June 2022, are detailed as follows:

31.12.2021						
	Opening balance	Increases	Reversals	Utilizations	Transfers	Closing balance
Non-current assets						
Investments and loans in credit institutions	3,712	555	(10,964)	—	8,406	1,709
	3,712	555	(10,964)	—	8,406	1,709
Current assets						
Investments and loans in credit institutions	23,980	713	(14,090)	—	(8,406)	2,197
Other	3,238,971	30,268	(22,533)	(1,446,399)	—	1,800,307
	3,262,951	30,981	(36,623)	(1,446,399)	(8,406)	1,802,504
	3,266,663	31,536	(47,587)	(1,446,399)	—	1,804,213

30.06.2022						
	Opening balance	Increases	Reversals	Utilizations	Transfers	Closing balance
Non-current assets						
Investments and loans in credit institutions	1,709	444	(421)	—	(895)	838
	1,709	444	(421)	—	(895)	838
Current assets						
Investments and loans in credit institutions	2,197	1,687	(1,598)	—	895	3,181
Other	1,800,306	26,312	—	(13,927)	—	1,812,691
	1,802,503	27,998	(1,598)	(13,927)	895	1,815,872
	1,804,213	28,443	(2,019)	(13,927)	—	1,816,710

Regarding the movements in impairment losses on investments and loans to credit institutions by stages, in the periods ended on 31 December 2021 and six-months period ended 30 June 2022, they are detailed as follows:

	31.12.2021	30.06.2022
	Stage 1	Stage 1
Opening balance	27,692	3,906
Change in period:		
Increases due to origination and acquisition	1,261	2,131
Changes due to change in credit risk	(1,067)	(1,733)
Decrease due to derecognition repayments and disposals	(23,980)	(286)
Impairment	3,906	4,018

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

	31.12.2021	30.06.2022
	Stage 1	Stage 1
Opening balance	27,692	3,906
Change in period:		
ECL income statement change for the period	(23,786)	112
Impairment	3,906	4,018

Debt securities issued

This caption showed the following composition:

	31.12.2021	30.06.2022
Securitized assets	277,795,753	470,072,904
	277,795,753	470,072,904

As at 31 December 2021 and 30 June 2022, the Debt securities issued are analyzed as follows:

31.12.2021						
	Issue	Issue date	Maturity date	Remuneration	Nominal value	Book value
Ulisses Finance No.1 – Class A		July 2017	March 2033	Euribor 1M + 85 b.p.	10,421,009	10,424,113
Ulisses Finance No.1 – Class B		July 2017	March 2033	Euribor 1M + 160 b.p.	7,000,000	7,001,507
Ulisses Finance No.1 – Class C		July 2017	March 2033	Euribor 1M + 375 b.p.	7,100,000	7,106,617
Ulisses Finance No.2 – Class A		September 2021	September 2038	Euribor 1M + 70 b.p.	203,700,000	205,737,929
Ulisses Finance No.2 – Class B		September 2021	September 2038	Euribor 1M + 80 b.p.	10,000,000	9,986,657
Ulisses Finance No.2 – Class C		September 2021	September 2038	Euribor 1M + 135 b.p.	20,000,000	19,976,063
Ulisses Finance No.2 – Class D		September 2021	September 2038	Euribor 1M + 285 b.p.	11,300,000	11,290,713
Ulisses Finance No.2 – Class E		September 2021	September 2038	Euribor 1M + 368 b.p.	3,700,000	3,697,727
Ulisses Finance No.2 – Class F		September 2021	September 2038	Euribor 1M + 549 b.p.	1,300,000	1,299,790
Ulisses Finance No.2 – Class G		September 2021	September 2038	Euribor 1M + 500 b.p.	1,275,000	1,274,637
					275,796,009	277,795,753

30.06.2022						
	Issue	Issue date	Maturity date	Remuneration	Nominal value	Book value
Ulisses Finance No.1 – Class A	July 2017	July 2017	July 2033	Euribor 1M + 85 b.p.	3,033,325	3,033,799
Ulisses Finance No.1 – Class B	July 2017	July 2017	July 2033	Euribor 1M + 160 b.p.	7,000,000	7,002,152
Ulisses Finance No.1 – Class C	July 2017	July 2017	July 2033	Euribor 1M + 375 b.p.	7,100,000	7,106,847
Ulisses Finance No.2 – Class A	September 2021	September 2021	September 2038	Euribor 1M + 70 b.p.	203,700,000	205,419,747
Ulisses Finance No.2 – Class B	September 2021	September 2021	September 2038	Euribor 1M + 80 b.p.	10,000,000	9,988,703
Ulisses Finance No.2 – Class C	September 2021	September 2021	September 2038	Euribor 1M + 135 b.p.	20,000,000	19,979,851
Ulisses Finance No.2 – Class D	September 2021	September 2021	September 2038	Euribor 1M + 285 b.p.	11,300,000	11,292,382
Ulisses Finance No.2 – Class E	September 2021	September 2021	September 2038	Euribor 1M + 368 b.p.	3,700,000	3,698,188
Ulisses Finance No.2 – Class F	September 2021	September 2021	September 2038	Euribor 1M + 549 b.p.	1,300,000	1,299,886
Ulisses Finance No.2 – Class G	September 2021	September 2021	September 2038	Euribor 1M + 500 b.p.	825,000	824,838
Ulisses Finance No.3 - Class A	June 2022	June 2022	June 2039	Euribor 1M + 90 bps	168,000,000	168,067,540
Ulisses Finance No.3 - Class B	June 2022	June 2022	June 2039	Euribor 1M + 200 bps	8,000,000	7,813,147
Ulisses Finance No.3 - Class C	June 2022	June 2022	June 2039	Euribor 1M + 370 bps	12,000,000	11,727,971
Ulisses Finance No.3 - Class D	June 2022	June 2022	June 2039	Euribor 1M + 525 bps	6,000,000	5,623,081
Ulisses Finance No.3 - Class E	June 2022	June 2022	June 2039	Euribor 1M + 650 bps	5,000,000	4,733,796
Ulisses Finance No.3 - Class F	June 2022	June 2022	June 2039	Euribor 1M + 850 bps	1,000,000	964,248
Ulisses Finance No.3 - Class G	June 2022	June 2022	June 2039	Euribor 1M + 785 bps	1,500,000	1,496,727
					469,458,325	470,072,903

During the year ended on 31 December 2021 and six-months period ended 30 June 2022, the movement of this item is as follows:

31.12.2021					
	Opening balance	Issues	Repayments	Other movements	Closing balance
Ulisses Finance No.1	44,517,924	—	(19,980,815)	(4,872)	24,532,237
Ulisses Finance No.2	—	251,500,000	(225,000)	1,988,517	253,263,517
	44,517,924	251,500,000	(20,205,815)	1,983,644	277,795,753

During the period ended 31 December 2021, the movements recorded in “Issues” caption are related with a new securitization operation (Ulisses Finance No. 2) on the auto loan portfolio originated by 321 Crédito. The caption “other movements” includes an amount of 2,314,824 Euros related to the issue premium of Note Class A of Ulisses Finance No.2 and an amount of 350,486 Euros of assembly cost at the amortized cost of Ulisses Finance No.2.

30.06.2022					
	Opening balance	Issues	Repayments	Other movements	Closing balance
Ulisses Finance No.1	24,532,237	—	(7,387,684)	(1,754)	17,142,799
Ulisses Finance No.2	253,263,517	—	(450,000)	(309,920)	252,503,597
Ulisses Finance No.3	—	201,500,000	—	(1,073,491)	200,426,509
	277,795,753	201,500,000	(7,837,684)	(1,385,164)	470,072,904

In six-months period ended 30 June 2022, the movements booked in “Issues” is related to the issuance of a new credit securitization operation called Ulisses Finance nº 3, carried out through 321 Crédito.

The scheduling by maturity regarding this caption is as follows:

31.12.2021						
	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
Securizations	35,137	—	35,137	—	277,760,616	277,760,616
	35,137	—	35,137	—	277,760,616	277,760,616

30.06.2022						
	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
Securizations	193,286	—	193,286	—	469,879,618	469,879,618
	193,286	—	193,286	—	469,879,618	469,879,618

Asset securitization

Ulisses Finance Nr.1

This securitization operation was originated in July 2017 and issued by Sagres - Sociedade de Titularização de Créditos, S.A. and corresponds to a public credit securitization program (Ulysses) 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 securitization 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 securitization operation (Sagres – STC, S.A.).

The Group guarantees the debt service (servicer) of traditional securitization operations, taking over the collection of assigned credits and channelling the amounts received, through the respective deposit to the credit securitization 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 securitization 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 and Deutsche Bank. 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 amortization 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 securitization 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 securitization operation was created in September 2021 and issued by Tagus - Sociedade de Titularização de Créditos, S.A. and corresponds to a public credit securitization program (Ulysses) 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 collateralized 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 and which presents the 30 June 2022 a value of 1,000 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 standardized) 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 securitized 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 securitization 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 value.

In the consolidated accounts, taking into account the conditions set out in IFRS 10 (Consolidated Financial Statements), the securitization 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 securitization operation was created in June 2022 and issued by Tagus - Sociedade de Titularização de Créditos, S.A. and corresponds to a public credit securitization program (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 collateralized 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 standardized) 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 securitized 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 securitization 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.

The caption other current liabilities primarily record the banking operations' balances pending of financial settlement.

10. Credit to banking clients

As at 31 December 2021 and 30 June 2022, the caption Credit to banking clients was detailed as follows:

	31.12.2021	30.06.2022
Performing loans	1,560,653,792	1,682,841,279
Mortgage Loans	595,419,629	630,034,362
Auto Loans	660,982,844	713,720,861
Credit Cards	297,943,534	333,878,758
Leasings	4,975,252	4,016,436
Overdrafts	1,332,534	1,190,862
Other credits	—	—
Overdue loans	12,345,092	16,064,573
Overdue loans - less than 90 days	1,165,016	1,915,869
Overdue loans - more than 90 days	11,180,076	14,148,704
	1,572,998,883	1,698,905,851
Credit risk impairment	(31,090,390)	(41,318,440)
	1,541,908,493	1,657,587,411

The maturity analysis of the Credit to bank clients as at 31 December 2021 and 30 June 2022 is detailed as follows:

31.12.2021									
	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	—	4,529,387	13,058,049	—	17,587,436	35,360,412	542,471,779	577,832,191	595,419,626
Auto Loans	—	27,206,248	73,256,613	9,611,208	110,074,069	188,259,391	372,260,592	560,519,983	670,594,052
Credit Cards	—	297,943,534	—	772,542	298,716,076	—	—	—	298,716,076
Leasings	—	460,233	1,281,167	76,935	1,818,335	2,717,445	516,407	3,233,852	5,052,187
Overdraft	1,332,534	—	—	1,278,857	2,611,391	—	—	—	2,611,391
Other credits	—	—	—	605,550	605,550	—	—	—	605,550
	1,332,534	330,139,402	87,595,829	12,345,092	431,412,857	226,337,248	915,248,778	1,141,586,026	1,572,998,883

As of 31 December 2021, the Credit Cards caption represents a portfolio of credit cards acquired within the scope of the Universo Partnership with Sonae Financial Services. This portfolio was recognized in the Group's financial statements to the extent that the Group is a sole investor in the Next Funding No.1 securitization operation and, therefore, in compliance with the conditions set out in IFRS 10 - Consolidated Financial Statements, the securitization operation is consolidated.

30.06.2022									
	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	—	4,770,310	13,630,164	1,157	18,401,631	37,228,318	574,405,570	611,633,888	630,035,519
Auto Loans	—	29,376,960	79,101,558	12,223,436	120,701,954	203,280,094	401,962,249	605,242,343	725,944,297
Credit Cards	—	333,878,758	—	2,426,550	336,305,308	—	—	—	336,305,308
Leasings	—	371,538	1,034,264	132,895	1,538,697	2,193,747	416,886	2,610,634	4,149,331
Overdraft	1,190,862	—	—	1,280,534	2,471,397	—	—	—	2,471,397
	1,190,862	368,397,566	93,765,986	16,064,572	479,418,987	242,702,160	976,784,705	1,219,486,865	1,698,905,851

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

	31.12.2021	30.06.2022
Fixed rate	926,351,787	1,020,405,429
Floating rate	646,647,096	678,500,423
	1,572,998,883	1,698,905,851
Credit risk impairment	(31,090,390)	(41,318,440)
	1,541,908,493	1,657,587,412

As at 31 December 2021 and 30 June 2022, the analysis of this caption by type of collateral, is presented as follows:

31.12.2021					
	Performing Loans	Overdue Loans	Gross amount	Impairment	Net amount
Asset-backed Loans	600,433,555	1,510,327	601,943,882	(2,409,164)	599,534,718
Other guaranteed Loans	645,072,323	4,775,730	649,848,053	(17,150,161)	632,697,892
Unsecured Loans	315,147,914	6,059,034	321,206,948	(11,531,064)	309,675,884
	1,560,653,792	12,345,092	1,572,998,883	(31,090,389)	1,541,908,494

30.06.2022					
	Performing Loans	Overdue Loans	Gross amount	Impairment	Net amount
Asset-backed Loans	634,082,548	40,526	634,123,074	(902,045)	633,221,029
Other guaranteed Loans	696,141,692	5,790,790	701,932,482	(21,576,141)	680,356,341
Unsecured Loans	352,617,039	10,233,257	362,850,295	(18,840,254)	344,010,042
	1,682,841,279	16,064,572	1,698,905,851	(41,318,440)	1,657,587,412

The credit type analysis of the caption, as at 31 December 2021 and 30 June 2022 is detailed as follows:

31.12.2021					
	Performing Loans	Overdue Loans	Gross amount	Impairment	Net amount
Mortgage Loans	595,419,629	—	595,419,629	(596,281)	594,823,348
Auto Loans	660,982,844	9,611,208	670,594,052	(22,024,094)	648,569,958
Credit Cards	297,943,534	772,542	298,716,076	(6,617,578)	292,098,498
Leasings	4,975,252	76,935	5,052,186	(98,307)	4,953,880
Overdrafts	1,332,534	1,278,857	2,611,391	(1,148,581)	1,462,810
Other credits	—	605,550	605,550	(605,550)	—
	1,560,653,792	12,345,091	1,572,998,883	(31,090,390)	1,541,908,493

	30.06.2022				
	Performing Loans	Overdue Loans	Gross amount	Impairment	Net amount
Mortgage Loans	630,034,362	1,157	630,035,519	(746,435)	629,289,084
Auto Loans	713,720,861	12,223,436	725,944,297	(27,193,676)	698,750,621
Credit Cards	333,878,758	2,426,550	336,305,308	(12,189,225)	324,116,083
Leasings	4,016,436	132,895	4,149,331	(87,501)	4,061,830
Overdrafts	1,190,862	1,280,534	2,471,397	(1,101,603)	1,369,794
	1,682,841,279	16,064,572	1,698,905,851	(41,318,440)	1,657,587,412

The analysis of credit to bank clients as at 31 December 2021 and 30 June 2022, by sector of activity, is as follows:

	31.12.2021				
	Performing Loans	Overdue Loans	Gross amount	Impairment	Net amount
Companies	56,009,899	1,584,427	57,594,325	(2,227,312)	55,367,014
Agriculture, forestry and fishing	4,233,937	38,988	4,272,925	(131,975)	4,140,950
Mining and quarrying	694,899	211	695,109	(4,777)	690,333
Manufacturing	6,007,208	137,158	6,144,366	(173,610)	5,970,756
Water supply	123,735	—	123,735	(230)	123,506
Construction	9,894,287	300,665	10,194,952	(386,725)	9,808,227
Wholesale and retail trade	10,126,222	428,000	10,554,222	(530,948)	10,023,274
Transport and storage	4,168,460	87,594	4,256,054	(115,008)	4,141,046
Accommodation and food service activities	4,182,495	90,792	4,273,288	(146,261)	4,127,027
Information and communication	644,625	421	645,046	(4,991)	640,054
Financial and insurance activities	307,998	2,231	310,229	(3,766)	306,463
Real estate activities	1,706,577	2,052	1,708,628	(21,028)	1,687,600
Professional, scientific and technical activities	1,657,181	8,011	1,665,192	(45,590)	1,619,602
Administrative and support service activities	3,471,167	329,223	3,800,390	(379,908)	3,420,482
Education	721,135	575	721,711	(9,691)	712,019
Human health services and social work activities	1,305,341	14,931	1,320,271	(23,464)	1,296,808
Arts, entertainment and recreation	897,261	73,013	970,274	(65,933)	904,342
Other services	5,867,371	70,562	5,937,933	(183,407)	5,754,525
Individuals	1,504,643,890	10,760,664	1,515,404,554	(28,863,077)	1,486,541,477
Mortgage Loans	595,515,589	—	595,515,589	(598,198)	594,917,391
Consumer Loans	909,128,301	10,760,664	919,888,965	(28,264,879)	891,624,086
	1,560,653,792	12,345,091	1,572,998,883	(31,090,390)	1,541,908,493

	30.06.2022				
	Performing Loans	Overdue Loans	Gross amount	Impairment	Net amount
Companies	61,847,889	1,377,087	63,224,978	(2,177,209)	61,047,765
Agriculture, forestry and fishing	5,812,880	96,321	5,909,201	(168,544)	5,740,657
Mining and quarrying	998,909	1,380	1,000,288	(14,042)	986,246
Manufacturing	6,026,691	220,461	6,247,153	(227,038)	6,020,114
Water supply	106,064	—	106,064	(175)	105,889
Construction	10,926,462	343,495	11,269,957	(497,004)	10,772,953
Wholesale and retail trade	10,140,350	154,021	10,294,372	(224,423)	10,069,949
Transport and storage	5,242,315	143,500	5,385,815	(197,155)	5,188,660
Accommodation and food service activities	4,713,373	96,755	4,810,128	(219,795)	4,590,333
Information and communication	681,616	540	682,156	(3,283)	678,873
Financial and insurance activities	227,133	4,566	231,699	(12,637)	219,062
Real estate activities	1,576,379	3,453	1,579,833	(48,594)	1,531,239
Professional, scientific and technical activities	1,787,311	20,868	1,808,180	(60,240)	1,747,939
Administrative and support service activities	3,641,987	82,585	3,724,572	(150,729)	3,573,843
Public administration and defence, compulsory social security	16,704	—	16,704	(68)	16,635
Education	722,051	1,156	723,206	(11,278)	711,928
Human health services and social work activities	1,328,491	15,680	1,344,172	(30,237)	1,313,935
Arts, entertainment and recreation	946,592	93,821	1,040,413	(84,423)	955,989
Other services	6,952,581	98,485	7,051,065	(227,544)	6,823,521
Individuals	1,620,993,390	14,687,484	1,635,680,874	(39,141,230)	1,596,539,645
Mortgage Loans	630,127,041	1,157	630,128,198	(748,078)	629,380,120
Consumer Loans	990,866,349	14,686,327	1,005,552,676	(38,393,152)	967,159,525
	1,682,841,279	16,064,571	1,698,905,852	(41,318,440)	1,657,587,412

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

	31.12.2021	30.06.2022
Stage 1	1,428,289,210	1,553,491,551
Gross amount	1,434,762,828	1,559,784,057
Impairment	(6,473,618)	(6,292,506)
Stage 2	82,564,071	71,993,623
Gross amount	87,166,648	77,365,059
Impairment	(4,602,577)	(5,371,436)
Stage 3	31,055,213	32,102,238
Gross amount	51,069,407	61,756,736
Impairment	(20,014,194)	(29,654,498)
	1,541,908,493	1,657,587,411

The caption “credit to bank clients” includes the effect of traditional securitization transactions, carried out through securitization vehicles, consolidated pursuant to IFRS 10.

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

	31.12.2021	30.06.2022
Amount of future minimum payments	5,352,218	4,359,018
Interest not yet due	(376,966)	(342,582)
Present value	4,975,252	4,016,436

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

	31.12.2021	30.06.2022
Due within 1 year	2,106,914	1,829,190
Due between 1 to 5 years	2,727,068	2,114,287
Over 5 years	518,236	415,541
Amount of future minimum payments	5,352,218	4,359,018

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

	31.12.2021	30.06.2022
Individuals	622,998	516,630
Home	91,154	87,445
Others	531,844	429,185
Companies	4,352,254	3,499,806
Equipment	198,954	188,153
Real Estate	4,153,300	3,311,653
	4,975,252	4,016,436

Impairment losses

During year ended on 31 December 2021 and six-months period ended 30 June 2022, the movement under the Accumulated impairment losses caption (Note 13) was as follows:

31.12.2021							
	Opening balance	Increases	Reversals	Utilizations	Transfers	Other adjustments	Closing balance
Non-current assets							
Credit to banking clients	11,245,242	14,707,276	(7,614,585)	(343,835)	(2,967,630)	575,237	15,601,705
	11,245,242	14,707,276	(7,614,585)	(343,835)	(2,967,630)	575,237	15,601,705
Current assets							
Credit to banking clients	5,419,841	14,600,735	(7,559,425)	(341,345)	2,797,807	571,071	15,488,685
	5,419,841	14,600,735	(7,559,425)	(341,345)	2,797,807	571,071	15,488,685
	16,665,083	29,308,011	(15,174,010)	(685,180)	(169,822)	1,146,308	31,090,390

30.06.2022							
	Opening balance	Increases	Reversals	Utilizations	Transfers	Other adjustments	Closing balance
Non-current assets							
Credit to banking clients	15,601,705	9,340,584	(4,656,297)	(269,439)	(1,993,726)	61,875	18,084,702
	15,601,706	9,340,584	(4,656,297)	(269,439)	(1,993,726)	61,875	18,084,702
Current assets							
Credit to banking clients	15,488,685	12,000,013	(5,982,028)	(346,153)	1,993,726	79,493	23,233,738
	15,488,685	12,000,013	(5,982,028)	(346,153)	1,993,726	79,493	23,233,738
	31,090,390	21,340,597	(10,638,325)	(615,591)	—	141,368	41,318,440

The impairment losses of Credit to banking clients (net of reversals) for the period ended 30 June 2022 amounted to 10,702,272 Euros (6,419,314 Euros as of 30 June 2021) 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 2021 and six-months period ended 30 June 2022, they are detailed as follows:

	31.12.2021			
	Stage 1	Stage 2	Stage 3	Total
Opening balance	4,161,745	2,224,575	10,278,763	16,665,083
Change in period:				
Increases due to origination and acquisition	3,754,079	2,937,210	2,506,799	9,198,088
Changes due to change in credit risk	(1,623,295)	(369,984)	8,187,354	6,194,075
Decrease due to derecognition repayments and disposals	(407,088)	(154,824)	(696,251)	(1,258,163)
Write-offs	—	—	(685,180)	(685,180)
Transfers to:				
Stage 1	1,011,657	(360,513)	(651,144)	—
Stage 2	(203,586)	1,686,749	(1,483,163)	—
Stage 3	(164,668)	(1,481,613)	1,646,281	—
Foreign exchange and other	(55,226)	120,976	910,736	976,486
Impairment	6,473,618	4,602,577	20,014,195	31,090,390
<i>Of which: POCI</i>	—	—	1,462,841	1,462,841

Changes due to changes in exposure or risk parameters verified in the period ended 31 December 2021 are fundamentally due to the entry into force of the new definition of Default by EBA.

	30.06.2022			
	Stage 1	Stage 2	Stage 3	Total
Opening balance	6,473,619	4,602,577	20,014,195	31,090,390
Change in period:				
Increases due to origination and acquisition	1,064,401	374,464	215,770	1,654,635
Changes due to change in credit risk	(2,589,468)	1,957,408	10,391,923	9,759,864
Changes due to modifications without derecognition	(199,694)	(78,320)	(390,133)	(668,147)
Decrease due to derecognition repayments and disposals	(30,856)	(2,112)	(11,112)	(44,080)
Write-offs	—	—	(615,591)	(615,591)
Changes due to update in the institution's methodology for estimation	—	—	—	—
Transfers to:				
Stage 1	2,033,850	(1,267,294)	(766,556)	—
Stage 2	(387,362)	1,340,446	(953,084)	—
Stage 3	(85,054)	(1,478,201)	1,563,255	—
Foreign exchange and other	13,070	(77,532)	205,830	141,368
Impairment	6,292,506	5,371,436	29,654,498	41,318,440
<i>Of which: POCI</i>	—	—	1,213,865	1,213,865

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

	31.12.2021			
	Stage 1	Stage 2	Stage 3	Total
Opening balance	4,161,745	2,224,575	10,278,763	16,665,083
Change in period:				
ECL income statement change for the period	1,723,696	2,412,403	9,997,902	14,134,001
Stage transfers (net)	643,403	(155,377)	(488,026)	—
Write-offs	—	—	(685,180)	(685,180)
Foreign exchange and other	(55,226)	120,976	910,736	976,486
Impairment	6,473,619	4,602,577	20,014,194	31,090,390

	30.06.2022			
	Stage 1	Stage 2	Stage 3	Total
Opening balance	6,473,619	4,602,577	20,014,194	31,090,390
Change in period:				
ECL income statement change for the period	(1,755,616)	2,251,440	10,206,448	10,702,272
Stage transfers (net)	1,561,434	(1,405,049)	(156,385)	—
Write-offs	—	—	(615,591)	(615,591)
Foreign exchange and other	13,070	(77,532)	205,830	141,368
Impairment	6,292,506	5,371,436	29,654,498	41,318,440

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 analyzes were carried out on the distribution of the portfolio by stage and the respective impact on impairment.

The Group considers that the most sensitive parameters assumed, as they are based on benchmarks, dependent on methodological options or because they are more susceptible to changes in the economic cycle, are the Probability of Default (PD) for most portfolios and the Loss Given Default (LGD) for the credit card case.

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%, having concluded that the increase in impairment would be 1,738 thousand euros, corresponding to 4% .

11. Prepayments

As at 31 December 2021 and 30 June 2022, the Prepayments included in current assets and current and non-current liabilities showed the following composition:

	31.12.2021	30.06.2022
Prepaid Assets		
Current		
Rents payable	1,469,876	1,614,455
Meal allowances	1,402,305	1,385,093
Other	5,853,753	8,276,336
	8,725,934	11,275,884
Prepaid Liabilities		
Non-current		
Investment subsidy	272,088	266,487
	272,088	266,487
Current		
Investment subsidy	11,201	11,201
Contractual liabilities	1,360,862	2,730,185
Other	2,080,178	2,934,851
	3,452,241	5,676,237
	3,724,329	5,942,724

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

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 recognized 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 1,944,116 Euros (151,948 Euros on 31 December 2021), whose revenue is expected to be recognized in July 2022 (estimate of 80% of the item's value) and the remaining during 2022, and to objects invoiced and not delivered on 30 June 2022 in the express segment, in the amount of 786,069 Euros (1,208,914 Euros as of 31 December 2021), whose revenue is recognized upon delivery in the following month.

The revenue recognized in the period, included in the balance of Contractual liabilities at the beginning of the period amounted to 1,360,862 Euros.

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

12. Cash and cash equivalents

As at 31 December 2021 and 30 June 2022, 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:

	31.12.2021	30.06.2022
Cash	95,963,001	54,907,444
Sight deposits	86,975,064	56,239,913
Demand deposits at Bank of Portugal	593,160,283	589,798,657
Deposits in other credit institutions	34,251,584	67,905,279
Term deposits	67,522,764	78,417,061
Cash and cash equivalents (Balance sheet)	877,872,696	847,268,355
Sight deposits at Bank of Portugal	(19,937,800)	(22,016,400)
Outstanding checks / Checks clearing	(1,002,263)	(11,621,728)
Impairment of sight and term deposits	24,913	4,861
Cash and cash equivalents (Cash flow statement)	856,957,546	813,635,088

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 deposits and other liabilities. As of the reserve counting period started on 30 October 2019, the ECB introduced the tiering regime, in which the balance with the Central Bank in excess of the minimum cash reserves, up to a calculated maximum of 6 times the reserves, is remunerated at the central bank lending rate.

Therefore, the item Demand deposits at Bank of Portugal includes, as at 30 June 2022, a total amount of demand deposits of 589,798,657 Euros (31 December 2021: 593,160,283 Euros), of which 22,016,400 Euros (31 December 2021: 19,937,800 Euros) were allocated to the fulfilment of the above mentioned mandatory minimum cash requirements at Banco de Portugal.

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 2021 and six-months period ended 30 June 2022, the movement recorded under the caption “Impairment of sight and term deposits” (Note 13) related to the Group is detail as follows:

31.12.2021					
Group	Opening balance	Increases	Reversals	Utilizations	Closing balance
Sight and term deposits	17,510	11,433	(4,028)	—	24,913
	17,510	11,433	(4,028)	—	24,913

30.06.2022					
Group	Opening balance	Increases	Reversals	Utilizations	Closing balance
Sight and term deposits	24,913	32	(20,084)	—	4,861
	24,913	32	(20,084)	—	4,861

The Impairment losses (increases net of reversals) for the period ended 30 June 2022 in the amount of (20,052) Euros (5,868 Euros as of 30 June 2021) were recorded under the caption "Impairment of accounts receivable (losses/reversals)" .

13. Accumulated impairment losses

During the year ended on 31 December 2021 and six-months period ended 30 June 2022, the following movements occurred in the impairment losses:

Group	31.12.2021						Other movements	Closing balance
	Opening balance	Increases	Reversals	Utilizations	Transfers	Changes in the consolidation perimeter		
Non-current assets								
Tangible fixed assets	19,460	—	—	—	—	—	—	19,460
Investment properties	450,308	—	(57,372)	—	—	—	—	392,936
Intangible assets	—	60,617	—	—	—	—	—	60,617
	469,768	60,617	(57,372)	—	—	—	—	473,013
Debt securities at fair value through other comprehensive income	5,918	—	(5,019)	—	1,673	—	—	2,572
Debt securities at amortised cost	175,485	32,617	(89,741)	—	(6,410)	—	—	111,953
Other non-current assets	2,538,985	—	—	—	210,025	—	—	2,749,010
Credit to banking clients	11,245,241	14,707,276	(7,614,585)	(3,118,702)	(2,967,630)	—	3,350,104	15,601,705
Other banking financial assets	3,712	555	(10,964)	—	8,406	—	—	1,709
	13,969,341	14,740,448	(7,720,309)	(3,118,702)	(2,753,935)	—	3,350,104	18,466,949
	14,439,109	14,801,065	(7,777,681)	(3,118,702)	(2,753,935)	—	3,350,104	18,938,962
Current assets								
Accounts receivable	39,633,843	4,209,818	(2,588,327)	(1,423,383)	—	51,648	—	39,883,599
Credit to banking clients	5,419,841	14,600,735	(7,559,425)	(3,096,110)	2,797,807	—	3,325,837	15,488,685
Debt securities at fair value through other comprehensive income	3,511	—	(1,215)	—	(1,673)	—	—	623
Debt securities at amortised cost	6,505	2,492	(6,855)	—	6,410	—	—	8,551
Other current assets	10,052,551	995,992	(267,494)	(245,159)	(210,024)	—	—	10,325,865
Other banking financial assets	3,262,950	30,981	(36,623)	(1,446,399)	(8,406)	—	—	1,802,503
Slight and term deposits	17,509	11,433	(4,028)	—	—	—	—	24,913
	58,396,710	19,851,451	(10,463,967)	(6,211,051)	2,584,113	51,648	3,325,837	67,534,740
Non-current assets held for sale	282,778	14,234	(132,572)	—	—	—	—	164,441
	282,778	14,234	(132,572)	—	—	—	—	164,441
Merchandise	2,525,086	680,033	(743)	(72,971)	—	—	—	3,131,405
Raw, subsidiary and consumable	847,331	128,297	(8,329)	(99,631)	—	—	—	867,668
	3,372,417	808,331	(9,072)	(172,602)	—	—	—	3,999,073
	62,051,906	20,674,015	(10,605,611)	(6,383,653)	2,584,113	51,648	3,325,837	71,698,254
	76,491,014	35,475,080	(18,383,292)	(9,502,356)	(169,822)	51,648	6,675,941	90,638,216

In April 2021, Banco CTT and Sonae Financial Services started a new partnership in consumer credit through the financing of Universo card credit and the respective management of exposure to credit risk. As at 31 December 2021, the credit card portfolio had a value of 298,716,076 Euros and an increase in impairment of 6,617,578 Euros, which justifies the increase in impairment increases in 2021.

Group	30.06.2022						Closing balance
	Opening balance	Increases	Reversals	Utilizations	Transfers	Other movements	
Non-current assets							
Tangible fixed assets	19,460	—	—	—	—	—	19,460
Investment properties	392,936	—	—	—	—	—	392,936
Intangible assets	60,617	—	—	—	—	—	60,617
	473,013	—	—	—	—	—	473,013
Debt securities at fair value through other comprehensive income	2,572	—	—	—	(2,572)	—	—
Debt securities at amortised cost	111,953	36,126	(10,804)	—	(409)	—	136,865
Other non-current assets	2,749,010	—	—	—	32,521	—	2,781,531
Credit to banking clients	15,601,705	9,340,584	(4,656,297)	(269,439)	(1,993,726)	61,875	18,084,702
Other banking financial assets	1,709	444	(421)	—	(895)	—	838
	18,466,949	9,377,154	(4,667,523)	(269,439)	(1,965,082)	61,875	21,003,935
	18,939,963	9,377,154	(4,667,523)	(269,439)	(1,965,082)	61,875	21,476,948
Current assets							
Accounts receivable	39,883,599	2,142,714	(1,448,077)	(319,734)	—	2,910	40,261,412
Credit to banking clients	15,488,685	12,000,013	(5,982,028)	(346,153)	1,993,726	79,493	23,233,738
Debt securities at fair value through other comprehensive income	623	263	(2,201)	—	2,572	—	1,257
Debt securities at amortised cost	8,551	2,902	(868)	—	409	—	10,995
Other current assets	10,325,865	642,202	(154,840)	(74,503)	(32,521)	—	10,706,203
Other banking financial assets	1,802,503	27,998	(1,598)	(13,927)	895	—	1,815,872
Slight and term deposits	24,914	32	(20,084)	—	—	—	4,861
	67,534,741	14,816,126	(7,609,695)	(754,317)	1,965,082	82,403	76,034,338
Non-current assets held for sale	164,441	3,792	(1,262)	—	—	—	166,971
	164,441	3,792	(1,262)	—	—	—	166,971
Merchandise	3,131,405	—	(80,560)	(101,006)	—	—	2,949,839
Raw, subsidiary and consumable	867,668	—	(23,137)	—	—	—	844,531
	3,999,073	—	(103,697)	(101,006)	—	—	3,794,370
	71,698,254	14,819,917	(7,714,654)	(855,323)	1,965,082	82,403	79,995,678
	90,638,215	24,197,071	(12,382,176)	(1,124,762)	—	144,277	101,472,625

The amounts classified as “Other movements”, with reference to 31 December 2021 and 30 June 2022, refer 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

As at 30 June 2022, the Company share capital was composed of 150,000,000 shares with the nominal value of 0.50 Euros each. The share capital is fully underwritten and paid-up.

The information related to the shareholders with shareholdings equal to or greater than 2% can be found in chapter 5.4 of the Integrated Report.

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

Own shares

The commercial legislation regarding own shares requires that a non-distributable reserve must be created for the same amount of the acquisition price of such shares. This reserve is not available for distribution while the shares stay in the Company’s possession. In addition, the applicable accounting

standards determine that the gains or losses obtained with the sale of such shares are recognized in reserves.

During the 1st half of 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	4,207,721	15,422,025	3.67
Balance 30 June 2022	5,707,722	21,826,988	3.82

As at 30 June 2022, CTT held 5,707,722 own share, with a nominal value of 0.50€, being all the inherent rights suspended pursuant to article 324 of the Portuguese Companies Code.

At the Company's Board of Directors meeting held on 16 March 2022, it was unanimously decided to approve the implementation of a buyback program for CTT's own shares ("Buyback Program"), including the related terms and conditions, and in accordance with the deliberation limits within the scope of the General Meeting of shareholders of CTT, held on 21 April 2022, under which the acquisition and disposal of own shares by the Company and its subsidiaries was authorized, under the terms defined by the Board of Directors.

The sole purpose of the Buyback Program is to reduce CTT share capital by extinguishing the own shares acquired under the program, in accordance with the proposed capital reduction to be presented by the Board of Directors to the 2022 Annual General Meeting. The reduction in CTT's share capital to be implemented for these purposes was therefore approved by the CTT General Meeting, held on 21 April 2022.

The maximum number of shares to be acquired within the scope of the Buyback Program will be 4,650,000 CTT ordinary shares, representing up to 3.1% of the respective share capital and corresponding to the maximum number of shares that, under the terms of the capital reduction proposal submitted by the Board of Directors to the 2021 Annual General Meeting of CTT and approved at the same, they will be extinguished in the context of the capital reduction that constitutes the purpose of this program. The maximum cash amount of the Buyback Program will be 18,000,000 Euros.

The Buyback Program will last until 18 December 2022 and started on 17 March 2022, without prejudice to ending on an earlier date if the maximum number of shares to be acquired or the maximum monetary amount of the Buyback Program are reached.

In the context of the share buyback program as of 30 June 2022, the Company had already acquired 4,207,721 shares. As a result, as of 30 June 2022, considering as acquired shares those whose financial settlement took place until 31 March 2022. As a result, as of 30 June 2022, the Company held, as a result of the acquisition operations indicated herein, an accumulated total of 5,707,722 treasury shares, representing 1.30% of the share capital, including 1,500,001 treasury shares previously acquired.

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 2021 and 30 June 2022, the caption "Reserves" showed the following composition

31.12.2021					
	Legal reserves	Own shares reserves	Fair Value reserves	Other reserves	Total
Opening balance	15,000,000	8	83,330	50,836,597	65,919,935
Own shares acquisition	—	6,404,954	—	(6,404,954)	—
Assets fair value	—	—	(56,584)	—	(56,584)
Share Plan	—	—	—	1,215,000	1,215,000
Closing balance	15,000,000	6,404,963	26,746	45,646,642	67,078,351

30.06.2022					
	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
Own shares acquisition	—	15,422,025	—	(15,422,025)	—
Assets fair value	—	—	(8,140)	—	(8,140)
Share Plan	—	—	—	810,000	810,000
Closing balance	15,000,000	21,826,988	18,606	31,034,617	67,880,211

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 (CTT, S.A.)

As at 30 June 2022, this caption includes the amount of 21,826,988 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.

In the six-months period ended 30 June 2022, a reserve in the total amount of 810,000 Euros was recorded related with the stock option plan, as described in the note 24 - Staff Costs.

Retained earnings

During the year ended on 31 December 2021 and six-months period ended 30 June 2022, the following movements were made in caption "Retained earnings":

	31.12.2021	30.06.2022
Opening balance	39,962,419	43,904,074
Application of the net profit of the prior year	16,669,309	38,404,113
Distribution of dividends (note 16)	(12,750,000)	(17,656,441)
Adjustments from the application of the equity method	22,345	43,385
Closing balance	43,904,074	64,695,131

Other changes in equity

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

During the year ended on 31 December 2021 and six-months period ended 30 June 2022, the movements occurred in this caption were as follows:

	31.12.2021	30.06.2022
Opening balance	(47,600,236)	(43,998,612)
Actuarial gains/losses (note 19)	4,999,158	47,275,716
Tax effect (Note 26)	(1,397,534)	(13,234,189)
Closing balance	(43,998,612)	(9,957,085)

16. Dividends

According to the dividend distribution proposal included in the 2020 Annual Report, at the General Meeting of Shareholders, which was held on 21 April 2021, a dividend distribution of 12,750,000 Euros, corresponding to a dividend per share of 0.085 Euros, regarding the financial year ended 31 December 2020 was proposed and approved. The dividend amount assigned to own shares was transferred to Retained earnings, amounting to 0.085 Euros.

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.

17. Earnings per share

During the six-months periods ended 30 June 2021 and 30 June 2022, the earnings per share were calculated as follows:

Group	30.06.2021	30.06.2022
Net income for the period	17,186,714	14,549,183
Average number of ordinary shares	149,800,684	148,627,657
Earnings per share		
Basic	0.11	0.10
Diluted	0.11	0.10

The average number of shares is detailed as follows:

	30.06.2021	30.06.2022
Shares issued at beginning of the period	150,000,000	150,000,000
Own shares effect	199,316	1,372,343
Average number of shares during the period	149,800,684	148,627,657

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 2022, the number of own shares held is 5,707,722 and its average number for the year ended 30 June 2022 is 1,372,343, reflecting the fact that no acquisitions or sales/attribution have occurred in the given period.

There are no dilutive factors of earnings per share.

18. Debt

As at 31 December 2021 and 30 June 2022, the Debt caption showed the following composition:

	31.12.2021	30.06.2022
Non-current liabilities		
Bank loans	62,161,852	55,166,706
Lease liabilities	87,174,586	95,579,955
	149,336,438	150,746,661
Current liabilities		
Bank loans	22,169,000	21,984,031
Confirming	1,500,152	—
Lease liabilities	28,113,860	29,422,045
	51,783,012	51,406,076
	201,119,450	202,152,737

As at 30 de junho de 2022, the interest rates applied to bank loans were between 1.00% and 1.875% (31 December 2021: 1.00% and 1.875%).

Bank loans

As at 31 December 2021 and 30 June 2022, the details of the bank loans were as follows:

	31.12.2021			30.06.2022		
	Limit	Amount used		Limit	Amount used	
		Current	Non-current		Current	Non-current
Bank loans						
Millennium BCP	12,673,148	8,054,480	1,100,926	12,512,037	8,017,989	993,519
BBVA / Bankinter	40,375,000	6,958,272	33,121,646	40,375,000	6,958,272	33,194,430
Novo Banco	35,000,000	7,029,645	27,939,280	28,000,000	7,007,770	20,978,757
Caixa Geral de depósitos	126,470	126,603	—	—	—	—
Banco Montepio	25,000,000	—	—	—	—	—
Bankinter Confirming	2,200,000	1,500,152	—	—	—	—
	115,374,618	23,669,152	62,161,852	80,887,037	21,984,031	55,166,706

On 27 September 2017, a financing 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. As at 30 June 2022, the referred used amount, net of commissions and added by the amount of interests to be paid in the following period corresponded to 40,152,702 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. As at 30 June 2022, the 35 million Euros were used and are 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 27,986,527 Euros.

On 21 May 2020, a Commercial Paper Issue Placement Agreement was signed with Banco Montepio in the maximum amount of 25 million Euros, with a term of 3 years, renewable for the same period. As of 31 December 2021 no amount was used. As no available amount was used, the contract was discontinued and no amount was available on 30 June 2022.

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 2021, 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:

	31.12.2021	30.06.2022
Due within 1 year	30,860,141	33,049,847
Due between 1 to 5 years	66,579,734	66,534,757
Over 5 years	28,808,052	40,731,251
Total undiscounted lease liabilities	126,247,928	140,315,854
Current	28,113,860	29,422,045
Non-current	87,174,586	95,579,955
Lease liabilities included in the statement of financial position	115,288,445	125,002,000

The amounts recognized in the income statement are detailed as follows:

	30.06.2021	30.06.2022
Lease Liabilities interests (note 25)	1,545,247	1,563,999
Variable payments not included in the measurement of the lease liability	1,024,331	1,026,154

The amounts recognized in the Cash flow statement are as follows:

	30.06.2021	30.06.2022
Total of lease payments	(15,159,693)	(16,597,114)

The movement in the rights of use underlying these lease liabilities can be analyzed in note 4.

Reconciliation of Changes in the responsibilities of Financing activities

The reconciliation of changes in the responsibilities of financing activities as of 31 December 2021 and 30 June 2022, is detailed as follows:

	31.12.2021	30.06.2022
Opening Balance	206,866,753	201,119,450
Changes in the consolidation perimeter	2,667,159	—
Movements without cash	35,383,531	25,511,526
<i>Contract changes</i>	26,291,146	24,543,704
<i>IFRS 16 Interests</i>	3,066,925	1,563,999
<i>Others</i>	6,025,460	(596,177)
Loans:		
Inflow	100,261,411	58,217,607
Outflow	(110,777,850)	(66,098,731)
Confirming:		
Inflow	—	—
Outflow	(2,938,473)	—
Lease liabilities:		
Inflow	—	—
Outflow	(30,343,081)	(16,597,115)
Closing balance	201,119,450	202,152,737

19. Employee benefits

Liabilities related to employee benefits refer to (i) post-employment benefits – healthcare and pension plan (ii) other long-term employee benefits and (iii) other long-term benefits for the Statutory Bodies.

In order to obtain the estimate of the liabilities and costs to be recognized for each period, an actuarial study is performed by an independent entity every year for each benefit, based on the Projected Unit Credit method, and according to assumptions that are considered adequate and reasonable, an actuarial study has been performed as at 31 December 2021.

However, considering the relevant variation of one of the financial assumptions of the actuarial valuation during the first half of 2022, the discount rate, essentially related to the current economic situation, an update was made to the actuarial study prepared with reference to 31 December 2021 by an independent entity. This update considers the revision of the discount rate, keeping the remaining assumptions constant.

The discount rate is estimated based on interest rates of private debt bonds with high credit rating (“AA” or equivalent) at the date of the balance sheet and with a duration equivalent to that of the liabilities with healthcare.

The discount rate is determined by the Group analysis of the evolution of the macroeconomic context and the constant need to match the actuarial and financial assumptions to that reality. Therefore, as a result of that analysis the discount rate was changed to 2.94% (1.42% 31 December 2021).

During the years ended 31 December 2021 and 30 June 2022, the Group liabilities presented the following movement:

31.12.2021						
	Group					Total
	Healthcare	Healthcare - SAMS	Pension Plan	Other benefits	Other long-term employee benefits	
Opening balance	271,158,313	1,431,894	325,457	9,882,604	201,592	282,999,860
Movement of the period	(7,631,699)	35,987	(56,503)	6,338,404	209,837	(1,103,974)
Closing balance	263,526,615	1,467,881	268,954	16,221,007	411,429	281,895,886

30.06.2022						
	Group					Total
	Healthcare	Healthcare - SAMS	Pension Plan	Other benefits	Other long-term employee benefits	
Opening balance	263,526,615	1,467,881	268,954	16,221,007	411,429	281,895,886
Movement of the period	(48,496,191)	(411,885)	(35,911)	301,203	274,285	(48,368,499)
Closing balance	215,030,424	1,055,996	233,043	16,522,210	685,714	233,527,387

The heading Other long-term employee benefits essentially refers to the benefit Pensions for work accidents, to the on-going staff reduction program and to the benefit End of Career Awards.

The caption Other long-term benefits for the Statutory Bodies refers to the long-term variable remuneration assigned to the executive members of the Board of Directors.

The details of the Group liabilities related to employee benefits, considering their classification, are as follows:

	31.12.2021	30.06.2022
Non-current liabilities	260,805,742	213,098,330
Current liabilities	21,090,144	20,429,057
	281,895,886	233,527,387

As at 31 December 2021 and 30 June 2022, the costs related to employee benefits recognized and the amount recognized directly in Other changes in equity were as follows:

	31.12.2021	30.06.2022
Costs for the period		
Healthcare	7,481,517	3,940,000
Healthcare - SAMS	126,019	65,279
Pension plan	4,203	1,874
Other benefits	—	—
Other long-term employee benefits	9,499,035	1,152,317
Other long-term benefits statutory bodies	209,837	274,285
	17,320,611	5,433,755
Other changes in equity		
Healthcare	(4,878,001)	(46,773,937)
Healthcare - SAMS	(88,952)	(476,623)
Pension Plan	(32,205)	(25,156)
	(4,999,158)	(47,275,716)

In 30 June 2022, actuarial gains/losses related to financial assumptions changes reflect the discount rate review from 1.42% in 2021 to 2.94% to 2022.

Healthcare - IOS Plan and Insurance policy

CTT is responsible for financing each healthcare plans applicable to certain employees – IOS Plan and Insurance policy.

For the years ended 31 December 2021 and 30 June 2022, the movement which occurred in the present value of the defined benefits liability regarding the healthcare plans was as follows:

	Total		IOS Plan		Insurance policy	
	31.12.2021	30.06.2022	31.12.2021	30.06.2022	31.12.2021	30.06.2022
Opening balance	271,158,314	263,526,615	261,776,888	254,937,950	9,381,426	8,588,665
Service cost of the year	4,045,000	2,110,500	4,045,000	2,110,500	—	—
Interest cost of the year	3,447,000	1,829,500	3,328,000	1,770,000	119,000	59,500
Plan amendment	(10,483)	—	95,250	—	(105,733)	—
Pensioners contributions	4,917,973	2,432,430	4,647,786	2,297,337	270,187	135,093
(Payment of benefits)	(14,598,406)	(7,848,749)	(13,903,508)	(7,526,068)	(694,898)	(322,681)
(Other costs)	(554,781)	(245,935)	(531,582)	(235,872)	(23,199)	(10,063)
Actuarial (gains)/losses	(4,878,001)	(46,773,937)	(4,519,884)	(45,425,795)	(358,117)	(1,348,142)
Closing balance	263,526,615	215,030,424	254,937,950	207,928,052	8,588,665	7,102,372

The total costs for the period were recognized as follows:

	Total		IOS Plan		Insurance policy	
	31.12.2021	30.06.2022	31.12.2021	30.06.2022	31.12.2021	30.06.2022
Staff costs/employee benefits (Note 24)	3,479,736	1,864,565	3,608,668	1,874,628	(128,932)	(10,063)
Other costs	554,781	245,935	531,582	235,872	23,199	10,063
Interest expenses (Note 25)	3,447,000	1,829,500	3,328,000	1,770,000	119,000	59,500
	7,481,517	3,940,000	7,468,250	3,880,500	13,267	59,500

As at 31 December 2021 and 30 June 2022, regarding the IOS Plan, the actuarial (gains)/losses in the amount of (4,519,884) Euros (45,425,795) Euros were recognized in equity under Other changes in equity, net of deferred taxes of 1,268,568 Euros and 12,719,223 at 31 December 2021 and 30 June 2022, respectively.

At at 30 June 2022, regarding the IOS plan, the amount of actuarial (gains)/ losses is mainly due to the increase in the discount rate from 1.42% to 2.94%.

In what refers to the Insurance Policy, as at 31 December 2021 and 30 June 2022, the amounts of (358,117) Euros and (1,348,142) Euros, respectively, related to the actuarial (gains)/losses were recognized in equity under Other changes in equity, net of deferred taxes of 100,273 Euros and 377,480 Euros, respectively.

Healthcare - SAMS

The Group is responsible for paying medical care charges to all 321 Crédito, S.A. employees in a situation of retirement, as well as for survival pensioners.

The provision of this medical care is ensured by the Social Medical Assistance Service (SAMS) whose post-retirement charges, for the member, are defined in clause 92 of the ACT of the banking sector published in BTE n° 38 of 2017 of October 15.

In order to obtain the estimate of the liabilities and costs to be recognized for each period, an actuarial study is performed by an independent entity every year, based on the Projected Unit Credit method, and according to assumptions that are considered adequate and reasonable, an actuarial study has been performed as at 31 December 2021.

For the year ended 31 December 2021 and 30 June 2022, the movement of Group liabilities with the Healthcare – SAMS was as follows:

	31.12.2021	30.06.2022
Opening balance	1,431,894	1,467,881
Service cost of the year	107,426	54,865
Interest cost of the year	18,593	10,414
(Payment of benefits)	(1,080)	(540)
Actuarial (gains)/losses	(88,952)	(476,623)
Closing balance	1,467,881	1,055,997

The total costs for the period were recognized as follows:

	31.12.2021	30.06.2022
Staff costs/employee benefits (Note 24)	107,426	54,865
Interest expenses (Note 25)	18,593	10,414
	126,019	65,279

Pension Plan

The Group is responsible for the payment of cash benefits in the form of supplementary retirement pension contributions over the amounts paid by Social Security to a closed group of employees of Transporta, which was merged into CTT Expresso during the year 2019.

For the year ended 31 December 2021 and 30 June 2022, the movement of Group liabilities with the Pension Plan was as follows:

Group	31.12.2021	30.06.2022
Opening balance	325,457	268,954
Service cost of the year	173	63
Interest cost of the year	4,030	1,812
(Payment of benefits)	(28,501)	(12,630)
Actuarial (gains)/losses	(32,205)	(25,156)
Closing balance	268,954	233,043

The total costs for the period were recognized as follows:

	31.12.2021	30.06.2022
Staff costs/employee benefits (Note 24)	173	63
Interest expenses (Note 25)	4,030	1,812
	4,203	1,875

As at 31 December 2021 and 30 June 2022, the amounts of (32,205) Euros and (25,156) Euros, respectively, related to the actuarial (gains)/losses were recognized in equity under Other changes in equity, net of deferred taxes of 7,230 Euros and 6,415 Euros, respectively.

Other long-term employee benefits

The Group assumed the commitment regarding the payment of a “End of Career award” on the date of retirement, due to disability or old age, in the amount of 1.5 times the effective monthly remuneration

earned in that date as well as the payment of a capital called “Death Allowance resulting from Work Accidents” to 321 Crédito, S.A. employees. Both benefits are attributed under the banking sector ACT published in BTE nº 38 of 2017 of October 15, clauses 69 and 72, respectively.

For the year ended 31 December 2021 and 30 June 2022, the movement of Group liabilities with the Other post-employment benefits related to “End Career Awards” and Death Allowance resulting from work accidents”, presented in the table below, was as follows:

	31.12.2021	30.06.2022
End of Career Awards		
Opening balance	209,851	197,170
Service cost of the year	12,899	6,950
Interest cost of the period	2,544	1,387
(Payment of benefits)	—	—
Actuarial (gains)/losses	(28,124)	(34,950)
Closing balance	197,170	170,557
Death Allowance resulting from Work Accidents		
Opening balance	6,797	6,829
Service cost of the year	712	399
Interest cost of the period	84	46
(Payment of benefits)	—	—
Actuarial (gains)/losses	(764)	(669)
Closing balance	6,829	6,605
Total	203,999	177,162

The total costs for the period were recognized as follows:

	31.12.2021	30.06.2022
Staff costs/employee benefits (Note 24)		
End of Career Awards	(15,225)	(28,000)
Death Allowance resulting from Work Accidents	(52)	(270)
	(15,277)	(28,270)
Interest expenses (Note 25)	2,628	1,433
	(12,649)	(26,837)

Additionally, in certain situations, the Group has liabilities related to the payment of salaries in situations of Suspension of contracts, redeployment and release of employment, the payment of the Telephone subscription fee, Pensions for work accidents, and Monthly life annuity.

For the years ended 31 December 2021 and 30 June 2022, the movement of Group liabilities with other long-term employee benefits, was as follows:

	31.12.2021	30.06.2022
Suspension of contracts, redeployment and release of employment		
Opening balance	2,754,747	9,493,686
Interest cost of the period	27,227	78,097
Liabilities relative to new beneficiaries	8,550,491	2,017,472
Transfers - Provisions (Note 20)	—	1,250,000
(Payment of benefits)	(2,658,170)	(1,910,075)
Actuarial (gains)/losses	819,390	(115,229)
Closing balance	9,493,686	10,813,951
Telephone subscription fee		
Opening balance	414,119	383,961
Interest cost of the period	5,076	2,561
(Payment of benefits)	(43,865)	(19,740)
Actuarial (gains)/losses	8,631	(29,749)
Closing balance	383,961	337,033
Pension for work accidents		
Opening balance	6,458,399	6,113,602
Interest cost of the period	81,216	41,904
(Payment of benefits)	(447,405)	(165,914)
Actuarial (gains)/losses	21,392	(815,815)
Closing balance	6,113,602	5,173,777
Monthly life annuity		
Opening balance	38,691	25,760
Interest cost of the period	419	137
Curtailement	—	—
(Payment of benefits)	(11,191)	(5,385)
Actuarial (gains)/losses	(2,159)	(222)
Closing balance	25,760	20,290
Total	16,017,008	16,345,051

At at 30 June 2022, the caption “Transfers - Provisions” refers to the transfer of an amount from the caption “Provisions”, due to the new agreements made in 2022, as explained in note 20.

During the years ended 31 December 2021 and 30 June 2022, the total costs for the year were recognized as follows:

	31.12.2021	30.06.2022
Staff costs/employee benefits (Note 24)		
Suspension of contracts, redeployment and release of employment	1,369,881	1,902,243
Telephone subscription fee	8,631	(29,749)
Pension for work accidents	21,392	(815,815)
Monthly life annuity	(2,159)	(222)
Suspension and Early-Retirement Agreements (Note 20)	8,000,000	—
	9,397,745	1,056,457
Interest expenses (Note 25)	113,938	122,698
	9,511,684	1,179,155

The liabilities related to new beneficiaries on 30 June 2022, in the Suspension of contracts, redeployment and release of employment benefit occur under the referred human resources optimization process, following agreements of suspension of employment contracts entered into or terminated in the meantime.

As at 31 December 2021, the amount relating to "Suspension and Early-Retirement Agreements" of 8,000,000 Euros is explained in detail in Note 20 - Provisions, Guarantees provided, Contingent Liabilities and Commitments and in Note 24 - Staff Costs.

Other long-term benefits for the Statutory Bodies

At the General Meeting held on 21 April 2021, a new Remuneration Regulation for Members of the Statutory Bodies was approved for the 2020-2022 term, which replaces the Regulation in force at that date. This regulation changes the assumptions for the annual variable remuneration (AVR) attribution and changes the long-term variable remuneration (LTVR) terms to a "stock option" mechanism.

The main features of the plan and the accounting impacts are explained in detail in note 24 - Staff costs.

20. Provisions, Guarantees provided, Contingent liabilities and commitments

Provisions

For the year ended on 31 December 2021 and six-months period ended 30 June 2022 in order to face legal proceedings and other liabilities arising from past events the Group recognized provisions, which showed the following movement:

Group	31.12.2021						Closing balance
	Opening balance	Increases	Reversals	Utilizations	Transfers	Regularizations	
Non-current provisions							
Litigations	3,003,416	1,254,601	(1,383,155)	(90,046)	49,983	—	2,834,799
Restructuring	1,083,347	—	(964,524)	(123,823)	—	5,000	—
Other provisions	10,402,877	686,564	(3,623,942)	(83,435)	(67,983)	—	7,314,082
Commitment provisions	—	211,465	(67,125)	—	169,822	—	314,163
Sub-total - caption							
"Provisions (increases)/ reversals"	14,489,641	2,152,630	(6,038,746)	(297,304)	151,822	5,000	10,463,043
Restructuring	163,800	9,341,409	(13,145)	(36,328)	(8,000,000)	—	1,455,737
Other provisions	2,762,913	41,951	—	(44,123)	—	—	2,760,741
	17,416,354	11,535,990	(6,051,891)	(377,755)	(7,848,178)	5,000	14,679,520

Group	30.06.2022						Closing balance
	Opening balance	Increases	Reversals	Utilizations	Transfers	Regularizations	
Non-current provisions							
Litigations	2,834,799	858,930	(756,935)	(92,761)	213,598	—	3,057,631
Onerous contracts	—	453,598	—	(99,851)	—	—	353,747
Other provisions	7,314,082	1,340,311	(785,589)	(91,556)	(213,598)	—	7,563,650
Commitment provisions	314,163	30,111	(53,079)	—	—	—	291,195
Sub-total - caption "Provisions (increases)/ reversals"	10,463,044	2,682,950	(1,595,603)	(284,168)	—	—	11,266,223
Restructuring	1,455,737	55,993	(50,000)	—	(1,250,000)	(102,344)	109,386
Other provisions	2,760,741	240,122	—	—	—	—	3,000,863
	14,679,522	2,979,065	(1,645,603)	(284,168)	(1,250,000)	(102,344)	14,376,468

The net amount between increases and reversals of provisions was recorded in the consolidated income statement under the caption Provisions, net and amounted to (3,886,116) Euros as at 31 December 2021 and 1,087,346 Euros as at 30 June 2022.

A provision should only be used for expenditures for which the provision was originally recognized, 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 1,383,155 Euros as at 31 December 2021 and 756,935 Euros as at 30 June 2022, essentially results from lawsuits whose decision, which was made known in the course of 2021 or 2022, 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 item).

Onerous contracts

The provision for onerous contracts is intended to cover contracts in which the unavoidable costs of meeting the obligations of the contracts exceed the economic benefits that are expected to be received under them, amounting at 30 June 2022 the amount of 353,747 euros.

Other provisions

As at 30 June 2022, the provision to cover any contingencies relating to labour litigation proceedings not included in the current court proceedings related to remuneration differences that can be claimed by workers, amounts to 3,780,356 Euros (3,916,051 as at 31 December 2021). The amount of the provision corresponds to the Group's best estimate for the outflow.

As at 30 June 2022, a provision is recognized 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^o of the Treaty on the Functioning of the European Union ("TFUE"). This notification amounts to 3,148,845 Euros and has already been subject of an appeal to

the Spanish Audiencia Nacional (National High Court). Regarding this matter, Tourline (currently designated as CTT Espresso 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 by Tourline. The amount provisioned, of 1,400,000 Euros, is the result of the evaluation carried out by its legal advisors and the Group is awaiting the outcome of the process and it is not possible to anticipate a deadline for resolution.

The amount provisioned in 321 Crédito, S.A. amounting to 885,036 Euros as at 30 June 2022 (741,641 Euros at 31 December 2021) mainly results from the management assessment regarding the possibility of materializing tax contingencies and other processes.

As at 30 June 2022, in addition to the previously mentioned situations, this caption also includes:

- the amount of 537,510 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 materializing contingent amounts to be paid to third parties under the scope of contracts entered into;
- the amount of 309,007 Euros regarding the liability, recognized in the company CTT Espresso, with a labor legal proceeding;
- the amount of 2,130,036 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 552,835 Euros.

Commitments provisions

Commitments provisions refer to provisions for indirect credit, amounting to 291,195 Euros in the period ended 30 June 2022 (31 December 2021: 314,163 Euros).

Restructuring

In June 2021, CTT approved a new HR optimization program considering the need to optimize teams. This program presumed the launch of a Voluntary Exit Program based on the signing of Suspension or Pre-Retirement Agreements. As at 31 December 2021, a provision in the amount of 9,341,409 Euros was booked, which was recognized under Staff costs caption in the income statement. As at 31 December 2021, regarding the agreements performed at this date, an amount of 8,000,000 Euros was transferred to the caption employee benefits in the statement of financial position. As at 30 June 2022, regarding the agreements performed during 2022, an amount of 1,250,000 Euros was transferred to the caption employee benefits in the statement of financial position.

Guarantees provided

As at 31 December 2021 and 30 June 2022, the Group has provided bank guarantees to third parties as follows:

	31.12.2021	30.06.2022
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
Autoridade Tributária e Aduaneira (Portuguese Tax and Customs Authority)	2,917,205	2,917,205
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	1,022,834
MARATHON (Closed investment fund)	432,000	810,435
O Feliz - Imobiliária (Real estate company)	369,932	801,932
AMBIMOBILIÁRIA- INVESTIMENTOS E NEGÓCIOS, S.A. (Real estate company)	480,000	480,000
Courts	339,230	339,230
EUROGOLD (Real estate company)	—	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)	85,056	68,386
ANA - Aeroportos de Portugal (Airports of Portugal)	34,000	34,000
GNB Companhia de seguros vida SA (Insurance company)	25,000	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
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
Lagos em Forma - Gestão desportiva, E.M., S.A. (Municipal company managing sports in Lagos)	11,000	11,000
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	3,719
EMARP - Empresa de Águas e Resíduos de Portimão (Services of Water Supply and Sanitation of the city of Portimão)	3,100	—
	13,867,543	14,976,507

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 2021 and 30 June 2022.

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, while the appeal presented by CTT Expresso branch in Spain in the National Audience in Spain proceeds.

Commitments

As at 31 December 2021 and 30 June 2022., the Group subscribed promissory notes amounting to approximately 41.9 thousand Euros and 45.7 thousand Euros, respectively, for various credit institutions intended to secure complete and timely compliance with the corresponding financing contracts.

The Group engaged guarantee insurances in the total amount of 4,393,691 Euros(31 December 2021: 4,226,910 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.

21. Accounts payable

As at 31 December 2021 and 30 June 2022, the caption "Accounts payable" showed the following composition:

	31.12.2021	30.06.2022
Current		
Advances from customers	2,368,197	2,352,894
CNP money orders	51,157,113	102,093,380
Suppliers	88,144,917	91,055,300
Invoices pending confirmation	12,256,372	10,538,271
Fixed assets suppliers	7,008,092	2,794,688
Invoices pending confirmation (fixed assets)	6,300,825	3,145,028
Values collected on behalf of third parties	8,911,160	8,085,794
Postal financial services	156,371,620	96,773,537
Deposits	594,183	625,829
Charges	2,200,392	11,102,881
Compensations	881,108	1,159,929
Postal operators - amounts to be settled	1,586,135	472,580
Amounts to be settled to third parties	1,919,132	1,038,687
Amounts to be settled in stores	495,269	586,106
Other accounts payable	10,109,816	9,975,800
	350,304,332	341,800,704

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 financial year. The increase noted on 30 June 2022 is related to the vacation allowance payment that occurs during this period.

Postal financial services

This caption 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 seen is mainly due to the reduction observed in the amounts related to savings certificates and to the amounts charged for taxes, since in 2021 there was a flexibilization of the tax calendar by the tax authority, which allowed the delivery of the tax related to the periodic VAT returns of the month December 2021, for the monthly regime, could be carried out until 30 December, which resulted in temporarily higher balances to be delivered.

22. Banking clients' deposits and other loans

As at 31 December 2021 and 30 June 2022, the composition of the caption Banking clients' deposits and other loans in the **Group** is as follows:

	31.12.2021	30.06.2022
Sight deposits	1,485,969,930	1,610,321,747
Term deposits	223,067,357	201,622,269
Savings deposits	412,474,058	431,856,237
	2,121,511,345	2,243,800,254

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 sight deposits, which can be mobilized 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 mobilizable without penalty on remuneration.

For the six-months period ended 30 June 2022 the average rate of return on customer funds was 0.02% (31 December 2021: 0.02%).

As at 31 December 2021 and 30 June 2022, the residual maturity of banking client deposits and other loans, is detailed as follows:

	31.12.2021					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	1,898,443,987	—	—	—	—	1,898,443,987
Term deposits	—	106,310,120	116,757,237	—	—	223,067,357
	1,898,443,987	106,310,120	116,757,237	—	—	2,121,511,345

	30.06.2022					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	2,042,177,985	—	—	—	—	2,042,177,985
Term deposits	—	100,463,369	101,158,901	—	—	201,622,269
	2,042,177,985	100,463,369	101,158,901	—	—	2,243,800,254

23. Income taxes receivable /payable

As at 30 June 2022, the caption reflects the estimated income tax regarding the six-months period ended 30 June 2022.

24. Staff costs

During six-months periods ended 30 June 2021 and 30 June 2022, the composition of the caption Staff Costs was as follows:

	30.06.2021	30.06.2022
Remuneration	139,582,569	139,234,377
Employee benefits	2,146,704	4,121,720
Indemnities	8,405,619	862,657
Social Security charges	29,797,412	29,769,283
Occupational accident and health insurance	2,058,571	1,962,123
Social welfare costs	3,412,808	4,066,165
Other staff costs	89,105	57,910
	185,492,788	180,074,236

Remuneration of the statutory bodies of CTT, S.A.

During the six-months periods ended 30 June 2021 and 30 June 2022, the fixed and variable remunerations attributed to the members of the statutory bodies of CTT, SA, were:

Company	30.06.2021				Total
	Board of Directors	Audit Committee	Remuneration Board	General Meeting of Shareholders	
Short-term remuneration					
Fixed remuneration	1,237,427	67,500	9,900	14,000	1,328,827
Annual variable remuneration	—	—	—	—	—
	1,237,427	67,500	9,900	14,000	1,328,827
Long-term remuneration					
Defined contribution plan RSP	102,567	—	—	—	102,567
Long-term variable remuneration	98,408	—	—	—	98,408
	200,975	—	—	—	200,975
	1,438,402	67,500	9,900	14,000	1,529,802

Company	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
Annual variable remuneration	—	—	—	—	—
	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

Long-term variable remuneration

At the General Meeting held on 21 April 2021, a new Remuneration Regulation for Members of the Statutory Bodies was approved for the 2020-2022 term, which replaces the Regulation in force at that date. This regulation changes the assumptions for the annual variable remuneration (AVR) attribution and changes the long-term variable remuneration (LTVR) terms to a “stock option” mechanism.

Similarly, the Board of Directors put in place a stock options program addressed to CTT's top management, using the same terms of the program approved for the governing bodies members.

The LTVR model through participation in CTT's stock option plan, also depends on the Company's performance and aims to align interests with this performance in a long-term, as follows:

- The 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), as detailed:

Tranche	Number of options - per participant			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

- Awarding, also through the Plan, of 5 tranches of options that differ exclusively by their different strike price;
- The number of shares to be received depends on the difference between the strike price and the market price, i.e., the average price, weighted by trading volume, of the Company's shares traded on the Euronext Lisbon regulated market in the sessions held in the 45 days prior to the exercise date (i.e. 1 January 2023);
- The LTVR attributed under the plan is subject to the positive evolution of the share price and the positive performance of the Company and to eligibility conditions related to the non-verification of the situations that give rise to the application of the adjustment mechanisms mentioned below and material breaches of the terms of the plan;

- e. The plan also provides for mechanisms for deferring the exercise of options and retaining shares which result from the combination of two aspects: (i) deferral of exercise date of all options (1 January 2023 considering the end of the 2020/2022 term of office); and (ii) the establishment of a retention period by the Company of part of the shares allocated (throughout the period from the exercise date and the fifth trading day immediately following the end of the month after the date of approval of the accounts for 2024 at the annual general meeting to be held in 2025, or as of 31 May 2025 whichever occurs later).
- f. The Plan for Members of the Statutory Bodies, as a rule, provides for 25% of net cash settlement and 75% of net share settlement of the options, without prejudice to the fact that, on an exceptional basis and in a scenario where the number of own shares held by CTT is not sufficient, the Plan provides for the Remuneration Committee to establish a remuneration mechanism through the awarding of a cash amount and the net cash settlement of the options whose net share settlement is not possible. The plan for governing bodies members provides for 100% of net shares settlement of the options.

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.

The amount related to the share plan recognized as at 31 December 2021, amounted to 1,626,429 Euros, with the financial settlement component, recognized under the caption "Employee benefits", in the amount of 411,431 Euros and the component of settlement in instruments recognized under the caption "Other reserves", in the amount of 1,215,000 Euros. In the six-months period ended 30 June 2022, the amount recognized in personnel costs amounted to 1,084,286 Euros, of which 274,286 Euros corresponds to the cash settlement component and 810,000 Euros corresponds to the instrument settlement component.

Following the calculation carried out by an independent entity on 31 December 2021, an amount of 1,447,419 Euros was calculated by reference to the Remuneration Regulation as an estimate of annual variable remuneration for the members of the Governing Bodies, recognized in expenses of the period in 2021. As at 30 June 2022, the final amount to be settled was calculated, and 50% of the amount has already been settled, as stipulated in the Remuneration Regulation.

For the six-months periods ended 30 June 2021 and 30 June 2022, the caption Staff costs includes the amounts of 250,197 Euros and 78,006 Euros related to expenses with workers' representative bodies.

For six-months period ended 30 June 2022, the average number of staff of the Group was 12,613 (12,053 employees for the period ended 30 June 2021).

25. Interest expenses and Interest income

For the six-months periods ended 30 June 2021 and 30 June 2022, the caption Interest Expenses had the following detail:

	30.06.2021	30.06.2022
Interest expenses		
Bank loans	886,913	785,786
Lease liabilities	1,545,247	1,563,999
Other interest	—	65,478
Interest costs from employee benefits	1,785,486	1,965,856
Other interest costs	56,307	181,569
	4,273,952	4,562,688

During the six-months periods ended 30 June 2021 and 30 June 2022, the caption Interest income was detailed as follows:

	30.06.2021	30.06.2022
Interest income	7,841	12,679
Other supplementary income	18,442	—
	26,282	12,679

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. e CTT Soluções Empresariais, 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 entities 321 Crédito – Instituição Financeira de Crédito S.A. and CTT Soluções Empresariais, S.A. integrated the RETGS in the previous financial year. The entity CTT IMO – Sociedade Imobiliária, S.A. integrated the RETGS in this financial year.

Reconciliation of the income tax rate

For the six-months periods ended 30 June 2021 and 30 June 2022, the reconciliation between the nominal rate and the effective income tax rate was as follows:

	30.06.2021	30.06.2022
Earnings before taxes (a)	25,660,221	14,999,614
Nominal tax rate	21.0%	21.0%
	5,388,646	3,149,919
Tax Benefits	(138,593)	(159,776)
Accounting capital gains/(losses)	(8,073)	(2,154)
Tax capital gains/(losses)	4,033	1,075
Equity method	231,581	—
Provisions not considered in the calculation of deferred taxes	25,843	72,202
Impairment losses and reversals	65,192	101,502
Compensation for insurable events	73,751	124,363
Depreciation and car rental charges	12,973	12,564
Credits uncollectible	13,152	33,927
Difference between current and deferred tax rates	—	—
Fines, interest, compensatory interest and other charges	8,964	2,892
Other situations, net	409,755	(387,801)
Adjustments related with - autonomous taxation	424,114	276,647
Adjustments related with - undistributed variable remuneration	—	—
Tax losses without deferred tax	—	—
SIFIDE tax credit	(216,176)	(2,154,501)
Insufficiency / (Excess) estimated income tax	825,000	(76,845)
Subtotal (b)	7,120,162	994,015
(b)/(a)	27.75%	6.63%
Adjustments related with - Municipal Surcharge	404,490	224,126
Adjustments related with - State Surcharge	880,181	281,187
Income taxes for the period	8,404,833	1,499,328
Effective tax rate	32.75%	10.00%
Income taxes for the period		
Current tax	8,268,159	2,223,213
Deferred tax	(472,149)	1,507,460
SIFIDE tax credit	(216,176)	(2,154,501)
Insufficiency / (Excess) estimated income tax	825,000	(76,845)
	8,404,833	1,499,328

For the six-month period ended on 30 June 2021, the caption “SIFIDE Tax Credit” refers to the reimbursement of SIFIDE for the year 2018. For the six-months period ended 30 June 2022, the caption “SIFIDE Tax Credit” refers to the SIFIDE tax credit for the year 2021 (1,528,260 Euros) and the remaining is related to Banco CTT for the years 2020 and 2021.

Deferred taxes

As at 31 December 2021 and 30 June 2022, the balance related to deferred tax assets and liabilities was composed as follows:

	31.12.2021	30.06.2022
Deferred tax assets		
Employee benefits - healthcare	73,832,987	60,122,983
Employee benefits - pension plan	68,583	53,011
Employee benefits - other long-term benefits	4,208,731	4,580,822
Impairment losses and provisions	4,139,032	3,833,047
Tax losses carried forward	2,078,911	2,079,988
Impairment losses in tangible fixed assets	481,187	529,025
Long-term variable remuneration (Board of directors)	455,400	964,646
Land and buildings	343,652	343,652
Tangible assets' tax revaluation regime	1,282,862	1,122,504
Other	363,742	690,547
	87,255,087	74,320,224
Deferred tax liabilities		
Revaluation of tangible fixed assets before IFRS	1,684,213	1,548,732
Suspended capital gains	658,042	2,667,280
Non-current assets held for sale	42,718	—
PPA Movements - NewSpring Services	—	437,817
Other	42,540	102,216
	2,427,513	4,756,045

The deferred tax asset related to Tangible assets tax revaluation regime was recognized following the Companies' accession to the regime established in Decree-Law no. 66/2016, of 3 November. In the year ended 30 June 2022 the deferred tax asset amounts to 1,548,732 Euros.

The increase in the item "Others" essentially refers to the deferred tax associated with the caption "results of assets and liabilities at fair value through profit or loss", the amount of which in the current period resulted in the recognition of the respective deferred tax.

As at 30 June 2022, 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 2021 and 30 June 2022, the movements which occurred under the deferred tax captions were as follows:

	31.12.2021	30.06.2022
Deferred tax assets		
Opening balances	87,891,869	87,255,087
Changes in the consolidation perimeter		
Effect on net profit	(745,695)	(475,816)
Employee benefits - healthcare	3,037	(15,572)
Employee benefits - pension plan	1,022,295	372,091
Employee benefits - other long-term benefits	(797,419)	(305,984)
Impairment losses and provisions	1,291,917	1,077
Tax losses carried forward	72,431	47,838
Impairment losses in tangible fixed assets	—	—
Long-term variable remuneration (Board of directors)	401,422	509,246
Land and buildings	(12,118)	(160,358)
Tangible assets' tax revaluation regime	(320,715)	—
Other	(154,405)	326,805
Effect on equity		
Employee benefits - healthcare	(1,390,302)	(13,227,774)
Employee benefits - pension plan	(7,230)	(6,417)
Closing balance	87,255,087	74,320,224

	31.12.2021	30.06.2022
Deferred tax liabilities		
Opening balances	2,793,698	2,427,513
Changes in the consolidation perimeter		
Effect on net profit	(270,958)	(135,481)
Revaluation of tangible fixed assets before IFRS adoption	(26,149)	2,004,626
Suspended capital gains	(40,292)	(42,718)
Other	16,344	(19,640)
Effect on equity		
Fair Value Reserve	(13,384)	—
Other	(31,746)	(267)
Others		
PPA movements - NewSpring Services	—	522,013
Saldo final	2,427,513	4,756,046

The tax losses carried forward are related to the losses of the subsidiaries Tourline and Transporta which were merged by incorporation into CTT Espresso, S.A., in 2019, and are detailed as follows:

Group	31.12.2021		30.06.2022	
	Tax losses	Deferred tax assets	Tax losses	Deferred tax assets
CTT – Espresso, S.A., branch in Spain	75,434,282	—	77,049,104	—
CTT Espresso/Transporta	13,747,683	2,075,283	13,322,364	2,069,097
Total	89,181,965	2,075,283	90,371,468	2,069,097

Regarding CTT – Espresso, S.A., branch in Spain (prior Tourline), the tax losses of the years 2008, 2009 and 2011 may be reported in the next 15 years (available for reporting until 2023, 2024 and 2026, respectively), the tax losses related to 2012, 2013 and 2014 may be carried forward in the next 18 years (available for reporting until 2030, 2031 and 2032, respectively) and the tax losses of the years

2015, 2016, 2017, 2018, 2019, 2020 and 2021 have no time limit for deduction. No deferred tax assets associated with CTT Espresso branch in Spain's tax losses were recognized, given its losses history.

Regarding to CTT Espresso/ 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 Espresso, which can be reported in the next 14 years (previously 12 years, but extended to 14 years under exceptional measures approved to deal with adverse consequences caused by the COVID Pandemic), for the years 2014 and 2015 and 7 years (previously 5 years, but extended to 7 years within the scope of exceptional measures approved to deal with adverse consequences caused by the COVID Pandemic) for the years 2017 and 2018. The recognition of deferred tax assets related to Transporta's tax losses is supported by the estimate of future taxable profits of CTT Espresso, based on the company's 8-year business plan (ie, until 2029).

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, available for reporting until 2028 and 2029, respectively), for which a favourable response was obtained from the Tax Authority during 2021.

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 2.37 million Euros.

SIFIDE

Until 2021, the Group recognized the tax credit related to SIFIDE upon the actual receipt of the declaration from the certifying commission of the expenses eligibility presented in the application.

Currently, and considering the history associated with this reality, the Group started to recognize, in the period to which the investments relate, an estimate of the tax credit that was submitted for certification by the competent authority (ANI - National Innovation Agency).

Regarding to R&D expenses incurred in the 2019 financial year, during the 2021 period, a tax credit of 753,235 Euros was attributed by the Certifying Committee.

Regarding to R&D expenses incurred in the 2020 financial year, with the submission of the application, these amounted to approximately 5,304,741 Euros, with the possibility of benefiting from an income tax deduction estimated at 3,850,195 Euros. During the first three months of the current year, a tax credit of 310,239 Euros was attributed by the Certifying Committee, in relation to the 2020 financial year, and the Group is awaiting receipt of the declarations regarding the remaining amount.

Regarding the expenses incurred with R&D by the Group in the year 2021, with the application submission, these amounted to 6,474,190 Euros and the Group will have the possibility of benefiting from a deduction in corporate income tax estimated at 3,816,703 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 2018 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 2022.

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 favorable 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 six-months periods ended 30 June 2021 and 30 June 2022, the following transactions took place and the following balances existed with related parties:

Group	30.06.2021					
	Accounts receivable	Accounts payable	Revenues	Costs	Dividends	Financial investments / Increase in share capital
Shareholders	—	—	—	—	12,750,000	—
Group companies						
Associated companies	—	—	—	—	—	—
Jointly controlled	234,888	45,178	563,196	62,904	—	—
Members of the (Note 24)						
Board of Directors	—	—	—	1,237,427	—	—
Audit Committee	—	—	—	67,500	—	—
Remuneration Committee	—	—	—	9,900	—	—
General Meeting	—	—	—	14,000	—	—
	234,888	45,178	563,196	1,391,731	12,750,000	—

Group	30.06.2022					
	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	—

In the context of transactions with related parties, no commitments were made, nor were any guarantees given or received.

No provision was recognized for doubtful debts or expenses recognized 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

On 23 December 2021, the Council of Ministers communicated the approval on same date of the decree amending the legal framework applicable to the provision of postal services in Portugal. The corresponding decree was promulgated on 5 February 2022 and Decree-Law no. 22-A/2022 was published on 7 February 2022. The new concession agreement thus came into force for seven years – until 31 December 2028.

This approved regime improves the decision-making mechanisms and provides clear criteria to guarantee the provision of the universal postal service under sustainable economic conditions, promoting a better balance between the continuity of the postal service provision and the reinforcement of the Company's capacity to face the challenges of digital transition, pursuing the consistent implementation of its transformation process. For reasons of general interest, only the following activities and services have remained reserved to the concessionaire: sitting of letter boxes on the public highway intended for the deposit of postal items, issue and sale of postage stamps bearing the word Portugal and the registered mail service used in court or administrative proceedings.

The concession agreement sets out that, in the year 2022, the transition period, the prices of the services included in the universal postal service offer shall respect a maximum annual average variation of 6.80%, which considers the decline in mail volumes observed in the first nine months of 2021 and the variation of the Consumer Price Index for the Transport expense category, as communicated by the National Statistics Institute for the month of October 2021. The pricing proposal was submitted to ANACOM on 28 February and the new prices entered into force on 7 March 2022, without prejudice to the evaluation to be carried out by ANACOM, in accordance with the provisions of said agreement.

The special prices of the postal services included in the universal postal service offer applicable to bulk mail senders were also updated on 7 March 2022 following the information sent to ANACOM on 28 February 2022.

The aforementioned updates correspond to an average annual price variation of 5.84% for the year 2022.

While some impacts of the pandemic still persist in 2022, CTT continued to periodically report the status of the postal network to the Government, as a counterparty in the agreement, and to ANACOM, the regulatory authority responsible for overseeing the provision of the universal postal service until 21 February 2022.

By deliberations dated 6 May 2022 and 6 July 2022, ANACOM granted CTT's requests regarding the deduction of the records of mail items in all national flows directly affected by the COVID-19 pandemic in the 2nd half of 2021, for the purposes of calculating the Quality of Service Indicators (QSI) of the year 2021, and in the months of January and February 2022, for the purposes of calculating the QSI of the year 2022.

In the 1st half of 2022, work was carried out leading to the definition of the criteria to be followed in the pricing of the postal services within the basket of the universal postal service for the three-year period 2023-2025, in accordance with the provisions of Article 14(4) of Law 17/2012 of 26 April (Postal Law), as amended by Decree-Law 22-A/2022 of 7 February.

Pursuant to the law, the pricing criteria for the USO are defined by agreement between the regulator of the sector (ANACOM), the Consumer Directorate-General (DGC) and the universal service provider (CTT) for periods of three years. In case of agreement, the convention must be concluded, signed by the parties and notified to the member of Government responsible for the area of communications by 30 July of the year preceding that to which the criteria are to apply.

Following the negotiation process conducted by the parties (ANACOM, DGC and CTT), agreement was reached in principle on a draft text for the Convention to be concluded for the period 2023-2025, which was under public consultation until 15 July 2022. Subsequently, the Convention in its final wording was signed by the parties and is to be notified to the Government by the deadline set for this purpose.

The scope of the Convention maintains the same services which were the subject of ANACOM's decisions on the pricing criteria for the universal postal service, thus covering letter mail, parcels and newspapers and periodicals services which are part of the USO offer, including registered mail services used in legal or administrative proceedings, and not applying to special prices for postal services, which are part of the USO offer applicable to bulk mail senders (subject to the specific regime provided for in article 14-A of the Postal Law).

The highlights of the pricing regime of the services covered by the Convention are:

- The maintenance of a maximum annual variation of the prices of the basket of services covered by the Convention, which will be ascertained as per the following formula:
$$CPI - \Delta Volumes * (1 - VC) - E + K.$$

The referred maximum annual price variation thus takes into consideration historical figures relative to the inflation rate (CPI) in the last 12 months, the variation in volumes ($\Delta Volumes$) excluding an indicator of the weight of variable costs (VC) in total costs associated to the SPU (value defined at 16% for each year) and an efficiency factor (E) associated to CTT's activity within the USO (value defined at 0.5 percentage points for each year). In the event of significant contextual changes related to the conditions for the provision of the universal postal service, the application of an additional factor (K) is foreseen, the value of which shall be determined by agreement, upon proposal of any of the parties that integrate the Convention.

- The definition for each price of a maximum annual variation of 15% and a maximum global variation of 30% for the period from 2023 to 2025.

- The setting of a maximum annual variation of 4 cents for the price of ordinary domestic mail up to 20 grams, used by the occasional segment.
- The continued application of the principle of uniform tariffs, with the application of a single price throughout the territory, to domestic letter mail items up to 50 grams sent by users in the occasional segment and in registered mail items of the service of judicial and other postal notifications weighing up to 50 grams.
- The provision by CTT, free of charge, in the national and international service, of mail dispatches for the blind and partially sighted, with the exception of airmail surcharges, if any.

On 28 June 2022, CTT was notified of ANACOM's decision which granted CTT's application deferring the date for the entry into force of ANACOM's decision of 29 April 2021 on the delivery of postal items at premises other than the domicile to 1 January 2023.

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, dated of July 2018, CTT was notified of the Government's appeal against the decision of the Arbitration Court to the South Administrative Central Court, considering that the Arbitration Court should have considered itself incompetent to judge both of CTT's requests.

The administrative proceedings brought against ANACOM, the first one regarding the same decision and the second one concerning the December 2018 resolution regarding the new measurement procedures to be applied to the quality of service indicators, had no relevant developments. The process related to the proposal to enforce eleven contractual fines, initiated in 2018 by ANACOM, within the scope of the Universal Postal Service Concession Agreement, based on alleged breaches of contract obligations during 2015, 2016 and 2017, following the Grantor's decision that additional evidence was presented, is still pending a decision. There were no developments following the presentation of defence in the administrative proceedings initiated against CTT on 30 July 2021 for four administrative offences related to the measurement of quality of service indicators (QSI), relating to events occurred in 2016 and 2017 (partially contested in the abovementioned administrative action brought against ANACOM in March 2019), and on 30 August 2021.

On 18 January 2022, CTT was notified of the action brought against the Company by the companies Vasp Premium – Entrega Personalizada de Publicações, LDA. (Vasp) and Iberomail – Correio Internacional, S.A., (Iberomail) before the Competition, Regulation & Supervision Court. The action against CTT for abuse of dominant position, in particular for refusal of access to its postal network, since 2012 to the day the alleged illegal conduct ceases. Claims were also made for damages estimated at €69.5m to €158m by Vasp and between €9.5m and €31m by Iberomail, to be ascertained in the course of the proceedings. The lawsuit also requests the conviction of CTT to immediately cease the anti-competitive practices, giving Vasp and Iberomail access to its postal distribution network for their products, at the access points and in the manner intended by those companies, or in the conditions that the Court deems necessary for the access offer to be, in the opinion of those companies, viable. In this context, it should be recalled that, following VASP's complaint to the Competition Authority on 21 November 2014, the proceedings then opened were subject to a decision to close the proceedings, with the imposition of commitments on 5 July 2018. CTT follows the best market practices and considers the request to be totally unfounded, and as such the Company presented its contestation on 29 March 2022.

On 6 April 2022, ANACOM decided to impose a fine of €153,750 on CTT for twenty-six administrative offence related to the non-compliance with postal network density targets and minimum service offers that occurred in 2015 and 2016. CTT disagreed with this decision and filed an appeal against it on 6 May. The trial is expected to take place in September.

Impact of geopolitical events in Ukraine

The Geopolitical events in Ukraine, military actions taken by Russia and the response of several countries, namely the Europe and the United States, in the form of economic sanctions, are currently affecting global markets, logistics chains and economic developments in general, intensifying the inflationary pressures that had already been observed, with a particular impact on the price of energy goods. Although the Group has no direct exposure to Russian entities, the conflict may also have indirect impacts that, at the present time, cannot be estimated with a reasonable degree of confidence.

However, in order to face the current economic context, the Group has adopted some mechanisms that aim to mitigate the adverse impacts that arise, namely:

- a. Diversification in terms of contracted suppliers;
- b. Diversification of the Group's offer of goods and services;
- c. Contractual protection of the supply prices of some energy goods, namely fuel;
- d. Control and efficiency initiatives in internal cost management, and;
- e. As mentioned above, following the definition of criteria for setting prices for the universal service basket to be implemented by CTT for the period 2023-2025, a negotiation process was developed by the Convention designated for this purpose (ANACOM, DGC and CTT), having reached a principle of agreement regarding the draft text, which was under public consultation until 15 July 2022. The price formation criteria consider indicators such as historical amounts related to the inflation rate (CPI) verified in the last 12 months and the variation in volumes.

29. Subsequent events

In the context of the administrative action filed against ANACOM in October 2018 regarding the decision on the quality of service parameters and performance objectives applicable to the provision of the universal postal service, of July 2018, a preliminary hearing was held on 13 July 2022 to define the facts and points of law.

Within the scope of the authorization conferred at the Annual General Meeting of Shareholders held on 21 April 2022, on 27 July 2022, the Board of Directors of the Company deliberated to increase the maximum pecuniary amount and number of shares that may be acquired under the share buyback program of the Company (the "Buy-back Program") as follows:

- Maximum pecuniary amount of the Buy-back Program: it is increased by 3,600,000 EUR (three million six hundred Euros) now being up to 21,600,000;
- Maximum number of shares to be acquired under the Buy-back Program: 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 Program approved by the Board of Directors and the 2022 Annual General Meeting and communicated on 16 March 2022 remain unchanged.

With the exception of what is mentioned in note 28 - Other information on the pricing convention entered into by CTT, ANACOM and DGC, after 30 June 2022 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**

**A future in proximity
to customers**

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 2022 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 2022 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 2022

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 of the Executive Committee

António Pedro Ferreira Vaz da Silva

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 Member of the Board of Directors and Chief Operating Officer (COO)

João Miguel Gaspar da Silva

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 and of the Audit Committee

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

Isabel Maria Pereira Aníbal Vaz

The (non-executive) Member of the Board of Directors

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)



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 2022 (showing a total of 3,873,407,905 Euros and a shareholder's equity total of 191,624,608 Euros, including a consolidated net profit of 14,549,183 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 2022, 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 2022

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas (n.º 178)
Represented by:

(Signed)

Luís Pedro Magalhães Varela Mendes - ROC nr. 1841
Registered with the Portuguese Securities Market Commission under license nr. 20170024

A large teal-colored geometric shape, resembling a triangle or a parallelogram, is positioned in the upper left corner of the page. It has a sharp point extending towards the center.

09

Investor
Support

A thick green line starts from the left edge of the page, extends diagonally upwards to the right, and then turns diagonally downwards to the right, ending near the bottom right corner.

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

Fax: +351 210 471 996

9.2 Press releases and disclosure of financial information

During the 1st half of 2022, CTT's disclosure of material information to the market consisted of:

- The Integrated Report 2021, as well as consolidated results presentations and press releases regarding the 2021 financial year and the 1st quarter of 2022; and
- 36 press releases with material information, including 16 on the transactions carried out in the context of the share buyback program, 6 relative to the annual and quarterly results press releases and presentations, and 14 press releases with diversified material information, namely on the payment of dividends, the Postal Law and the concession agreement, as well as on various CTT projects.

9.3. Events

Throughout the semester, CTT participated virtually and in person in several events organised by different banks and brokers, as follows:

- 3 conferences – hosted by Banco Santander in February, by Euronext in March and by Caixa Banco de Investimento (CaixaBI) in May;
- 4 roadshows – organized by JB Capital Markets in London and Zurich in the months of April and May, respectively, and by CaixaBank BPI in May, the latter being a virtual event;
- 23 meetings – held virtually or in-person with individual institutional investors from various countries, including the USA, Germany, Spain, Italy, United Kingdom and Portugal.

It is also worth highlighting the CTT Capital Markets Day 2022 held in Lisbon on 23 June. During this event, CTT's Management team reviewed the Company's continued transformation strategy anchored on business and commerce services, and presented the new strategy and the ESG (Environment, Social and Governance) and financial targets for the 2022-25 period. The video of the event, and the corresponding presentation and press release are available on CTT's website, at <https://www.ctt.pt/grupo-ctt/investidores/eventos/capital-markets-day-2022>.

9.4. Financial Calendar

CTT financial calendar for the 2nd half of 2022 foresees the following corporate events:

Financial Calendar 2nd half of 2022

Event	Date
1 st Half 2022 Results and Interim Integrated Report	27 July 2022 *
XIX CaixaBank BPI Iberian Conference, Porto	7 September 2022
9 months 2022 Results	3 November 2022 *
ESN European Conference, Paris	6 & 7 December 2022

* 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

CONTACTS

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Integrated Report
1st Half 2022