



9 Months 2023 Consolidated Results



ctt

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CTT - Correios de Portugal, S.A.

9 Months 2023 Consolidated Results

- **Revenues¹** reached €715.4m in 9M23 (+€52.6m; +7.9% y.o.y), growing across all business units, except Mail & Other, broken down as follows: Express & Parcels (+€41.7m; +22.2% y.o.y); Banco CTT (+€18.1m; +20.1% y.o.y); Financial Services & Retail (+€15.3m; +38.6% y.o.y); and Mail & Other (–€22.4m; –6.5% y.o.y).
- **Mail & Other** revenues reached €323.0m in 9M23. It should be noted that 1Q22 was positively impacted by: (i) the revenues from the laptop sale project (€21.5m) in the business solutions segment; and (ii) additional revenues from international outbound mail due to the rerun of legislative elections in the European constituency (€3.5m). As such, it should be underlined that, excluding these two effects, Mail & Other revenues would have grown in 9M23 (+€2.5m; +0.8% y.o.y).
- **Express & Parcels** again achieved double-digit growth in revenues (+35.5% y.o.y) and in volumes (+46.7% y.o.y) in 3Q23, higher than in 2Q23 (+25.0% y.o.y in revenues; +34.4% y.o.y in volumes), driven above all by the performance in Spain (+58.0% y.o.y in revenues; +68.9% y.o.y in volumes). Growth acceleration in 3Q23 boosted revenues of this segment to €229.5m (+€41.7m; +22.2% y.o.y) in 9M23.
- **Banco CTT** continued to grow in 9M23, with a very positive performance of the net interest income, which amounted to €72.1m (+€18.6m; +34.8% y.o.y), underpinned by the growth of its consumer credit portfolio (auto) and mortgage loans and benefiting from the favourable evolution of interest rates. With the number of current accounts reaching 637k (35k more than in December 2022), Banco CTT posted a solid customer growth.
- **Financial Services & Retail** registered growth in 9M23 (+€15.3m), due to the contribution of public debt certificates, especially savings certificates, despite a drop in demand from June onwards due to changes in the features of this product.
- **Recurring EBIT** reached €68.1m in 9M23 (+€29.3m; +75.6% y.o.y) with a margin of 9.5% (5.8% in 9M22) and growth in all business units.
- **Operating cash flow** stood at €76.2m in 9M23 (+€17.2m; +29.2% y.o.y).
- **Net profit²** of €35.5m in 9M23 (+€7.2m ; +25.5% y.o.y).

Consolidated results

€ million

	9M22	9M23	Δ	Δ%	3Q22	3Q23	Δ	Δ%
Revenues¹	662.8	715.4	52.6	7.9%	216.4	235.0	18.7	8.6%
Mail & Other	345.5	323.0	(22.4)	(6.5%)	103.9	100.1	(3.8)	(3.6%)
Express & Parcels	187.8	229.5	41.7	22.2%	65.1	88.1	23.1	35.5%
Banco CTT	90.0	108.1	18.1	20.1%	32.1	38.3	6.2	19.3%
Financial Services & Retail	39.5	54.8	15.3	38.6%	15.3	8.5	(6.9)	(44.6%)
Operating costs	576.0	599.8	23.9	4.1%	180.0	199.5	19.5	10.9%
EBITDA¹	86.8	115.6	28.7	33.1%	36.4	35.5	(0.9)	(2.4%)
Depreciation & amortisation	48.1	47.5	(0.6)	(1.1%)	16.3	15.8	(0.5)	(2.9%)
Recurring EBIT	38.8	68.1	29.3	75.6%	20.1	19.7	(0.4)	(2.0%)
Specific items	(4.3)	11.0	15.2	»	(2.2)	1.9	4.1	»
EBIT	43.0	57.1	14.1	32.7%	22.3	17.8	(4.5)	(20.1%)
Financial results (+/-)	(7.1)	(11.6)	(4.5)	(63.5%)	(2.5)	(4.5)	(2.0)	(83.0%)
Income tax for the period	7.6	10.0	2.3	30.6%	6.1	3.8	(2.3)	(37.4%)
Non-controlling interests	0.0	0.0	(0.0)	(20.0%)	0.0	0.0	0.0	95.1%
Net profit for the period²	28.3	35.5	7.2	25.5%	13.8	9.5	(4.3)	(31.1%)

¹ Excluding specific items.

² Attributable to equity holders.

1. Operational and Financial Performance

Consolidated revenues

CTT's consolidated revenues amounted to €715.4m in 9M23, an increase of €52.6m (+7.9% y.o.y) compared to 9M22 that reflects the growth in all business units, except Mail & Other, broken down as follows: Express & Parcels (+€41.7m; +22.2% y.o.y); Banco CTT (+€18.1m; +20.1% y.o.y); Financial Services & Retail (+€15.3m; +38.6% y.o.y); and Mail & Other (-€22.4m; -6.5% y.o.y).

Mail & Other

In 9M23, Mail & Other revenues amounted to €323.0m (-€22.4m; -6.5% y.o.y). This decline versus 9M22 continues to be impacted by two effects registered in 1Q22: (i) the revenues from the laptop sale project (€21.5m) in the **business solutions** segment; and (ii) additional revenues from **international outbound mail** in February 2022 due to the rerun of legislative elections in the European constituency (€3.5m).

Excluding those effects, the revenues of this business unit would have grown in 9M23 (+€2.5m; +0.8% y.o.y).

In 9M23, **transactional mail** revenues reached €257.4m (+€0.6m; +0.2% y.o.y), mainly due to the positive performances of: **registered mail** (+€6.1m; +6.5% y.o.y) and **international inbound mail** which posted a growth of €1.1m (+8.0% y.o.y). **International outbound mail** revenues decreased by €1.2m (-3.8% y.o.y) penalised by the additional revenues from the legislative elections in 1Q22. Excluding this impact, they would have grown by €2.3m (+8.1% y.o.y). There was a decline of €4.3m in **ordinary mail** (-4.2% y.o.y), of €1.2m in **priority mail** (-18.5% y.o.y) and €0.1m in **green mail** (-2.3% y.o.y).

The other business lines posted: (i) growth in **parcels of the universal postal service** (+€0.1m; +2.0% y.o.y) and in **other mail products and services** (+€0.4m; +12.6% y.o.y); and (ii) decline in **editorial mail** (-€0.4m; -4.1% y.o.y), **advertising mail** (-€3.6m; -27.9% y.o.y) and **philately** (-€0.1m; -3.5% y.o.y).

In **philately**, special mention in 3Q23 to the launch of the books "Portugal and Religion - Heritage and Diversity" and "Botanical Journey around Portugal", as well as the issue on the World Youth Day.

In 9M23, **business solutions** recorded revenues of €32.7m (-€19.0m; -36.7% y.o.y). However, excluding the effect of the additional sale of laptops that took place in 1Q22, this segment would have grown €2.5m (+8.4% y.o.y). CTT continues to reinforce its focus on the **Document Management**, **Business Process Services** and **Contact Center** areas by attracting and implementing new businesses in different sectors. Noteworthy are (i) the increase in revenues from the BPO solution for managing administrative offences and administrative instructions, with the adhesion of new municipalities, and (ii) the higher volume of hybrid mail produced by the new version of the "e-Carta" platform, which is a key element for several clients who have optimised their internal mail sending processes using this tool.

The average price change of the universal postal service³ in 9M23 was +6.28% y.o.y.

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

Mail volumes

In 9M23, **addressed mail volumes** declined by 8.0% y.o.y. Excluding the one-off volumes of international outbound mail in February 2022, due to the rerun of the legislative elections in the European constituency, this decrease would have been 7.8% y.o.y.

Mail volumes

	9M22	9M23	Δ	Δ%	3Q22	3Q23	Δ	Δ%
	Million items							
Transactional mail	298.9	278.9	(20.0)	(6.7%)	92.3	84.5	(7.8)	(8.4%)
Advertising mail	28.2	21.9	(6.3)	(22.3%)	8.7	4.2	(4.4)	(50.9%)
Editorial mail	20.4	18.7	(1.6)	(8.0%)	6.5	5.8	(0.7)	(10.8%)
Addressed mail	347.5	319.6	(27.9)	(8.0%)	107.5	94.6	(12.9)	(12.0%)
Unaddressed advertising mail	315.0	198.0	(117.0)	(37.1%)	106.8	60.6	(46.2)	(43.2%)

Transactional mail volumes decreased by 6.7% y.o.y in 9M23.

Ordinary mail declined by 7.2% y.o.y as a consequence of the intrinsic trend in the postal sector due to the digital transformation of communications.

In 9M23, **international outbound mail** decreased by 12.4% y.o.y (-4.9% y.o.y excluding the volumes from the elections) and **international inbound mail** recorded a decrease of 7.7% y.o.y.

In the opposite direction, **registered mail** volumes continued to grow (+3.9% y.o.y), driven by the dynamics of contractual customers, especially the government and banking & insurance sectors.

Addressed advertising mail volumes posted a decrease of 22.3% y.o.y and **unaddressed advertising mail** decreased by 37.1% y.o.y. The rising price of paper has led some clients to opt for a more digital strategy. New strategic partnerships have been established with various organisations to extend and complement the digital advertising offer, thus seeking to anticipate needs and add value to customers.

Express & Parcels

Express & Parcels **revenues** amounted to €229.5m in 9M23 (+€41.7m; +22.2% y.o.y), thus achieving once more double-digit growth of 35.5% y.o.y in 3Q23.

Revenues in Portugal recorded €106.2m in 9M23 (+€11.9m; +12.6% y.o.y) and volumes totalled 27.8 million items (+18.9% y.o.y).

CEP revenues amounted to €96.4m in 9M23 (+€12.1m; +14.4% y.o.y), with a 19.3% y.o.y. increase of volumes per working day, which was gradual over the quarters (+12.9% in 1Q23 and +22.4% in 2Q23 and 3Q23). This growth was underpinned essentially by e-commerce (B2C) customers, particularly large global marketplaces and international e-sellers. The risk of business concentration is significantly low, given the high sectoral diversification of CEP customers.

The **banking documents delivery** product line recorded revenues of €3.2m in 9M23 (+1.1% y.o.y) in a moment when the capillarity of banking networks and the collection/delivery frequency have stabilised.

Revenues of the **cargo** product line amounted to €3.0m in 9M23 (-19.5% y.o.y). This decrease is related to the change in the operating strategy, which aimed at repositioning this product line within

positive margin levels (the contribution margin⁴ in 9M23 was 20.3%). This implied the exit of some customers as well as the withdrawal from some activity sectors without operating synergies.

The **logistics** product line, which is a pillar of the development of the vertical integration strategy with CEP, recorded revenues of €2.9m in 9M23 (+17.1% y.o.y). This evolution was underpinned by business growth from current and new customers, both in e-commerce and B2B.

CTT continued to roll out its 24-hour locker (**Locky**) network which allows customers to pick up, send and also to return their parcels with maximum convenience, 24 hours a day in most lockers, every day of the week. The new send/return functionality is already fully available in all lockers and customers are strongly increasing their use.

As at the end of September 2023, CTT's Locky network comprised 755 lockers in various locations around the country, namely in hospitals, intermodal transport platforms, shopping centres, university campuses, physical retail networks, parking lots, gas stations or, in the case of private lockers, in condominiums and in office/business areas. Locky lockers are part of the CTT delivery points network, the largest and most capillary national network with more than 2,800 points where customers can collect and send their parcels.

Revenues in Spain stood at €119.9m in 9M23 (+32.2% y.o.y), with 39.5 million items (+34.4% y.o.y). It is worth highlighting the remarkable double-digit growth in 2Q23 and its acceleration in 3Q23, both in revenues (+36.6% y.o.y in 2Q23; +58.0% y.o.y in 3Q23) and volumes (+44.2% y.o.y in 2Q23; +68.9% y.o.y in 3Q23).

The growth achieved in the two last quarters is already the result of increased and more focused marketing and commercial activities across the various client segments and was fuelled by all client segments with the smaller clients (i.e. those with daily volumes below 20,000 items) outperforming and thus improving revenue diversification. Moreover, it should also be underlined that the large e-commerce customers (strategic customers), namely international e-sellers, also continued to perform well, leveraged on the onboarding of relevant new customers. This growth was possible due to the investments made in anticipation of market expansion and CTT's market share gain in Spain.

It should be emphasised that CTT Express had an increase in volumes per working day of +67.6% y.o.y in 3Q23 and +46.6% y.o.y. in 2Q23, maintaining a quality service with high delivery efficiency rates.

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

This growth consolidates the profitability of CTT Express, which enabled it to achieve a positive recurring EBIT of €3.1m in 3Q23 and €2.9m in 9M23 in individual accounts, contributing to the good performance of the CTT Group.

Revenues in Mozambique in 9M23 amounted to €3.4m (+22.1% y.o.y). This growth was driven by a partnership with a freight forwarder in Africa which started at the end of 1Q22.

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

Banco CTT

Banco CTT **revenues** reached €108.1m in 9M23 (+€18.1m; +20.1% y.o.y). Revenue growth was due to the positive performance of **net interest income**, which totalled €72.1m in 9M23 (+€18.6m; +34.8% y.o.y). Interest received increased by €35.8m compared to 9M22, benefiting from higher interest rates and volume growth. Interest paid increased by €17.2m compared to 9M22 due to the increase in interest rates on customer deposits and securitisations of auto loans.

Interest from **auto loans** amounted to €38.9m in 9M23 (+€5.9m; +18.0% y.o.y) and reached a loan portfolio net of impairments of €839.4m (+10.4% vs. December 2022). Auto loans production stood at €203.9m in 9M23 (+5.7% y.o.y).

The **cartão Universo** consumer credit portfolio generated revenues of €16.5m in 9M23 (+€0.2m; +1.2% y.o.y), with a balance sheet volume net of impairments of €285.9m in 9M23 (-€67.9m; -19.2% vs. December 2022). The progressive reduction of the partnership's portfolio, scheduled to end by 31 December 2023, in view of the current economic context, in particular interest rates and the associated cost of risk, will improve the risk profile and strengthen Banco CTT's balance sheet and solvency, increasing its flexibility.

Interest from **mortgage loans** stood at €15.7m in 9M23 (+€12.5m; +392.1% y.o.y), taking into account that Euribor rates were significantly higher than in the same period of the previous year. Base interest rates for mortgage loans reflected strong growth as a result of the rise in key interest rates defined by the European Central Bank (ECB), due to the increase in inflation in the Euro area. The mortgage loan portfolio net of impairments totalled €704.6m in 9M23 (+7.0% vs. December 2022). Mortgage loan production amounted to €149.2m in 9M23 (+€44.4m; +42.4% y.o.y).

Also worthy of note is other interest received, which increased by €13.7m in 9M23 compared to 9M22, to which contributed the **liquidity surplus at Banco de Portugal**.

Commissions received in this business unit reached €34.0m in 9M23, (+€0.5m; +1.5% y.o.y). Noteworthy are the following positive contributions in 9M23: (i) commissions from **accounts and cards**, which amounted to €9.3m (+€0.1m; +1.2% y.o.y), (ii) **payments**, which totalled €14.1m (+€0.3m; +2.1% y.o.y); and (iii) **insurance** amounting to €2.4m (+€0.3m; +15.1% y.o.y).

In terms of less favourable performances in 9M23 as a result of the current economic context, there was a retraction in commissions received from: (i) **savings products** (off-balance sheet) which amounted to €3.4m (€0.0m; 0.0% y.o.y); (ii) **mortgage loans**, amounting to €0.3m (-€0.1m; -19.7% y.o.y); and (iii) **consumer credit** (off-balance sheet) for an amount of €1.8m (-€0.2m; -10.6% y.o.y).

Customer deposits (Banco CTT consolidation) stood at €2,733.2m in September 2023 (+19.9% vs. December 2022), with a 109.1% increase in remunerated deposits and a 14.7% reduction in sight deposits compared to December 2022. The **number of accounts** was 637k (35k more than in December 2022).

The **loan-to-deposit ratio** reached 66.0% as at the end of September 2023.

The **cost of risk** (consolidated and accumulated as at September 2023) stood at 1.3%, down by 0.2 p.p. compared to December 2022, influenced by higher levels of risk in the consumer credit portfolios, in particular with the Universo card.

Banco CTT is therefore well positioned to achieve the **2025 objectives** announced in the recent Reverse Roadshow:

- Reach 700k to 750k accounts (compared to 637k in 9M23);

- Grow in customer resources and loans to customers to business volumes of over €7bn (compared to €5.3bn at the end of 9M23);
- Deliver on profitability, with pre-tax profits between €25m and €30m (compared to €18.4m in the last 12 months).

Financial Services & Retail

Financial Services & Retail **revenues** amounted to €54.8m in 9M23 (+€15.3m; +38.6% y.o.y), as a result of the higher attractiveness of public debt certificates in the first five months of the year. The launch of the new series on 5 June and the change in its marketing conditions, with lower maximum interest rates, a longer subscription period and a decrease in the maximum amount that can be placed, led to a drop of €6.9m in 3Q23 compared to the same period of the previous year (-44.6% y.o.y).

Financial services (excluding other revenues) posted revenues of €45.5m in 9M23 (+€19.5m; +74.8% y.o.y).

Public debt certificates (Savings Certificates and Treasury Certificates Savings Growth) posted revenues of €40.7m in 9M23 (+€21.0m; +106.1% y.o.y).

Subscriptions of these certificates amounted to €12,256.6m in 9M23, an average of €64.8m/day (€20.4m/day in 9M22), which compares with €8,138.0m subscribed throughout 2022. This is the outcome of a new interest rate conjuncture that placed public debt as a more interesting investment alternative in the first months of the year.

The positive results in public debt certificates made it possible to absorb the less favourable performance of **money orders**, which recorded revenues of €3.1m in 9M23 (-€1.3m; -29.1% y.o.y). This decrease was due to the fact that, in 2022, money orders were boosted by the issue of new social benefits, created under the macroeconomic framework of the time, combined with the structural downturn resulting from the replacement of this means of payment.

CTT reinforced the commercial dynamism of **non-banking financial products**, in the area of non-life insurance, including auto, health, personal accidents, multi-risk, among others, by entering into a distribution agreement with Generali. This quarter an agreement was concluded with Prosegur for the sale of alarm and similar services in CTT retail network.

Retail products and services (excluding other revenues) reached €8.2m in revenues in 9M23 (-€4.4m; -35.1% y.o.y). This reduction is in line with the strategy defined for the retail network of discontinuing some products, including scratch cards, and repositioning it as a service platform, including: (i) the offer of self-services including the distribution of mail and express and parcels products and services; (ii) the distribution of public debt; (iii) the marketing of insurance products; and (iv) the provision of convenience services for citizens. Aimed at improving customer service and experience, a strategy of digital channels and self-services is also being developed, focusing on the search for complementarity between physical and digital and between in-store and self-service.

Operating Costs

Operating costs totalled €658.3m in 9M23 (+€38.6m; +6.2% y.o.y).

Operating Costs

€ million

	9M22	9M23	Δ	Δ%	3Q22	3Q23	Δ	Δ%
Staff costs	263.5	282.8	19.3	7.3%	85.0	89.4	4.4	5.1%
ES&S	249.1	271.0	21.9	8.8%	83.7	98.0	14.3	17.1%
Impairments & provisions	17.4	20.6	3.2	18.5%	4.2	5.3	1.1	25.4%
Other costs	46.0	25.4	(20.6)	(44.7%)	7.1	6.9	(0.2)	(2.6%)
Operating costs (EBITDA)	576.0	599.8	23.9	4.1%	180.0	199.5	19.5	10.9%
Depreciation & amortisation	48.1	47.5	(0.6)	(1.1%)	16.3	15.8	(0.5)	(2.9%)
Specific items	(4.3)	11.0	15.2	»	(2.2)	1.9	4.1	»
Corporate restructuring costs and strategic projects	5.4	6.1	0.8	14.4%	1.8	1.6	(0.1)	(7.2%)
Other non-recurring revenues and costs	(9.6)	4.8	14.5	150.4%	(3.9)	0.3	4.2	106.5%
Operating costs	619.8	658.3	38.6	6.2%	194.1	217.2	23.1	11.9%

Staff costs increased by €19.3m (+7.3% y.o.y) in 9M23, mostly as a result of the salary increase and the increase in the national minimum wage (+€12.1m). Additionally, the growth in the contact centre activity and document management in the corporate solutions business line also contributed to this evolution in costs.

External supplies & services costs increased by €21.9m (+8.8% y.o.y) due to the growth in direct costs of the Express & Parcels services (+€24.1m), partly offset by the reduction in direct costs of Mail services (-€9.5m y.o.y) to which the impact of the elections in 1Q22 was a contributing factor.

Impairments and provisions increased by €3.2m in 9M23 (+18.5% y.o.y), as a result of the growth in mortgage loans.

Other costs decreased by €20.6m (-44.7% y.o.y), mainly due to the business solutions laptop sale project that took place in 1Q22 (-€20.7m).

Depreciation & amortisation decreased by €0.6m (-1.1% y.o.y) in 9M23, positively impacted by the revision of the useful life of some assets (-€2.8m). This effect was partly offset by investment in IT systems (+€2.1m) and sorting equipment (+€0.3m).

Specific items amounted to €11.0m in 9M23, due to: (i) restructuring costs, namely suspension agreements of employment contracts (+€4.5m); (ii) strategic projects (+€1.6m); (iii) reinforcement of the impairment loss relative to the former headquarters (+€5.2m); (iv) the change of head office building (-€0.4m); and (v) losses with the appreciation of contracted derivatives (+€0.2m).

Staff

On 30 September 2023, the number of CTT **employees** (permanent employees and fixed-term employees) was 13,458, up 670 compared to 30 September 2022 (+5.2% y.o.y).

	Headcount			
	30.09.2022	30.09.2023	Δ	Δ%
Mail & Other	10,961	11,248	287	2.6%
Express & Parcels	1,305	1,621	316	24.2%
Banco CTT	487	551	64	13.1%
Financial Services & Retail	35	38	3	8.6%
Total, of which:	12,788	13,458	670	5.2%
Permanent	11,230	11,324	94	0.8%
Fixed-term contracts	1,558	2,134	576	37.0%
Portugal	12,111	12,499	388	3.2%
Other geographies	677	959	282	41.7%

There was an increase in the number of employees in all business units, mainly in the Express & Parcels business unit (+316) and Banco CTT (+64). The Mail & Other business unit also grew, as a result of the increment in the Contact Centre and the Document Management activity of the business solutions area (+287), which was partially compensated by the prosecution of the Human Resources optimisation programme underway mainly in the central structure.

Together, the areas of operations and distribution within the mail network (5,421 employees, of whom 3,946 are delivery postmen and women) and the retail network (2,164 employees) represented circa 67.0% of CTT's permanent staff.

Recurring EBIT

Recurring EBIT stood at €68.1m in 9M23 (+€29.3m; +75.6% y.o.y), with a margin of 9.5% (5.8% in 9M22). All business units posted recurring EBIT growth: Financial Services & Retail by +€13.3m (+67.8% y.o.y); Banco CTT by +€8.6m (+89.6% y.o.y); Express & Parcels by +€7.3m (+153.5% y.o.y); and Mail & Other by +€0.1m (+2.2% y.o.y).

	Recurring EBIT by business unit							
	€ million							
	9M22	9M23	Δ	Δ%	3Q22	3Q23	Δ	Δ%
EBIT by business unit	38.8	68.1	29.3	75.6%	20.1	19.7	(0.4)	(2.0%)
Mail & Other	4.8	4.9	0.1	2.2%	6.6	0.1	(6.5)	(98.8%)
Express & Parcels	4.8	12.1	7.3	»	1.1	6.2	5.1	»
Banco CTT	9.6	18.2	8.6	89.6%	4.1	8.5	4.4	107.6%
Financial Services & Retail	19.6	32.9	13.3	67.8%	8.4	4.9	(3.5)	(41.2%)

It is worth highlighting in 3Q23 the growth of recurring EBIT in Express & Parcels (+€5.1m y.o.y), leveraged mainly on the growth of recurring EBIT in Spain (+€5.0m y.o.y) based on the increase in e-commerce volumes (+68.9%). At the consolidated level, besides Express & Parcels, the contribution of Banco CTT should be underlined, with both units being the growth levers.

Financial results and Net profit

The **consolidated financial results** amounted to -€11.6m (-€4.5m; -63.5% y.o.y) in 9M23.

Financial Results

	€ million							
	9M22	9M23	Δ	Δ%	3Q22	3Q23	Δ	Δ%
Financial results	(7.1)	(11.6)	(4.5)	(63.5%)	(2.5)	(4.5)	(2.0)	(83.0%)
Financial income, net	(6.9)	(11.6)	(4.7)	(68.2%)	(2.4)	(4.5)	(2.1)	(90.4%)
Financial costs and losses	(6.9)	(12.3)	(5.4)	(77.3%)	(2.4)	(4.6)	(2.2)	(92.1%)
Financial income	0.0	0.7	0.6	»	0.0	0.0	0.0	»
Gains/losses in subsidiaries, associated companies and joint ventures	(0.2)	0.0	0.2	100.0 %	(0.1)	(0.0)	0.1	98.3%

Financial costs and losses incurred amounted to €12.3m, mainly incorporating financial costs related to post-employment and long-term employee benefits of €5.4m, the most significant increase of which is due to the increase in the discount rate in the 2022 valuation, interest expense associated to finance leases liabilities linked to the implementation of IFRS 16 for an amount of €2.6m and interest expense on bank loans for an amount of €3.8m.

In 9M23, CTT obtained a **consolidated net profit** attributable to equity holders of €35.5m, which is €7.2m above 9M22. The evolution of the consolidated net income was positively impacted by the growth of recurring EBIT (+€29.3m) and negatively affected by (i) the worsening of financial results (-€4.5m), (ii) the unfavourable evolution of the corporate income tax for the period (+€2.3m), and (iii) specific items, as there was a gain of €4.3m in 9M22, compared to a loss of €11.0m in 9M23.

Investment

Capex stood at €16.6m in 9M23 (-€3.3m; -16.5% y.o.y).

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

Cash flow

In 9M23, the Company generated an operating **cash flow** of €76.2m (+€17.2m). The growth of operating cash flow is primarily explained by the positive performance in terms of generated EBITDA (+€28.7m to €115.6m), which more than offset the negative evolution of working capital (-€4.2m), and specific items (-€15.2m). There was also a €4.6m reduction in the weight of non-cash items at EBITDA level, as well as a €3.3m reduction in investment, which stood at €16.6m in 9M23 vis-à-vis €19.9m in 9M22.

In terms of working capital, the evolution observed in 9M23 was largely influenced by the performance of the CAPEX-related component, very much in line with that seen in the same period of the previous year, where payments made in the period related to investment made in 4Q22 had a significant impact.

Cash flow

€ million

	9M22	9M23	Δ	Δ%	3Q22	3Q23	Δ	Δ%
EBITDA	86.8	115.6	28.7	33.1%	36.4	35.5	(0.9)	(2.4%)
Non-cash items*	(7.8)	(3.2)	4.6	59.4%	(4.4)	(2.3)	2.1	48.2%
Specific items**	4.3	(11.0)	(15.2)	«	2.2	(1.9)	(4.1)	«
Capex	(19.9)	(16.6)	3.3	16.5%	(8.0)	(5.3)	2.6	33.0%
Δ Working capital	(4.4)	(8.6)	(4.2)	(95.8%)	13.8	(5.4)	(19.2)	(139.3%)
Operating cash flow	59.0	76.2	17.2	29.2 %	40.0	20.6	(19.4)	(48.6%)
Employee benefits	(11.4)	(12.7)	(1.3)	(11.1%)	(3.9)	(4.4)	(0.5)	(12.8%)
Tax	(15.6)	1.1	16.7	106.8%	(8.0)	0.5	8.5	105.6%
Free cash flow	31.9	64.5	32.7	102.4 %	28.1	16.6	(11.4)	(40.8%)
Debt (principal + interest)	(15.4)	19.1	34.5	»	(7.4)	(8.1)	(0.7)	(9.4%)
Dividends	(17.7)	(17.9)	(0.2)	(1.3%)	0.0	0.0	0.0	—
Acquisition of own shares	(21.6)	(4.5)	17.1	79.1%	(6.2)	(4.4)	1.9	30.0%
Disposal of buildings	0.0	0.0	0.0	(68.6%)	0.0	0.0	0.0	—
Investments in associated companies and joint ventures	(0.7)	(0.3)	0.4	60.0%	(0.5)	0.5	1.0	»
Change in adjusted cash	(23.4)	61.0	84.4	»	13.9	4.6	(9.3)	(66.7%)
Δ Liabilities related to Financial Serv. & others and Banco CTT, net	(557.9)	(234.2)	323.7	58.0%	(551.9)	(73.4)	478.5	86.7%
Δ Other	13.3	(12.2)	(25.5)	«	0.5	3.5	3.0	»
Net change in cash	(568.0)	(185.4)	382.6	67.4%	(537.4)	(65.3)	472.2	87.9%

*Impairments, Provisions and IFRS 16 affecting EBITDA.

**Specific items affecting EBITDA.

Consolidated balance sheet

Consolidated balance sheet

€ million

	31.12.2022	30.09.2023	Δ	Δ%
Non-current assets	2,253.3	2,323.2	69.9	3.1%
Current assets	1,804.2	2,004.2	200.0	11.1%
Assets	4,057.5	4,327.4	270.0	6.7%
Equity	224.9	238.4	13.4	6.0%
Liabilities	3,832.6	4,089.1	256.5	6.7%
Non-current liabilities	789.4	736.4	(53.0)	(6.7%)
Current liabilities	3,043.1	3,352.7	309.5	10.2%
Equity and consolidated liabilities	4,057.5	4,327.4	270.0	6.7%

The key aspects of the comparison between the **balance sheet** as at 30.09.2023 and that as at 31.12.2022 are as follows:

- **Assets** increased by €270.0m, mainly due to the increase in other banking financial assets (+€464.0m) as a result of the increase of Banco CTT's investments in central banks, partially offset by the decrease in cash and cash equivalents following the reduction in public debt subscriptions (-€185.4m).

- **Equity** increased by €13.4m following the net profit attributable to shareholders of the CTT Group in 9M23 in the amount of €35.5m, the payment of dividends amounting to €17.8m that took place in CTT, SA and the acquisition of own shares in the amount of €4.5m.
- **Liabilities** increased by €256.5m, mostly due to the increase in Banking clients' deposits and other loans (€471.8m), as well as in medium and long-term debt as a result of the combined effect of the commercial paper programmes contracted and the repayment of the loans with Novo Banco and BBVA/Bankinter (+€9.5m) and the increase in other current liabilities (+18.7m). On the other hand, there was a reduction in accounts payable (-€176.6m) due to lower subscriptions of public debt certificates, a decrease in debt securities issued at amortised cost (-€71.6m) following the withdrawals made.

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

Consolidated balance sheet with Banco CTT under equity method

	31.12.2022*	30.09.2023	Δ	Δ%
				€ million
Non-current assets	683.2	686.3	3.1	0.5%
Current assets	577.9	451.6	(126.2)	(21.8%)
Assets	1,261.0	1,137.9	(123.1)	(9.8%)
Equity	225.2	238.6	13.4	6.0%
Liabilities	1,035.9	899.4	(136.5)	(13.2%)
Non-current liabilities	331.7	350.5	18.9	5.7%
Current liabilities	704.2	548.8	(155.4)	(22.1%)
Equity and consolidated liabilities	1,261.0	1,137.9	(123.1)	(9.8%)

* The figures under 31.12.2022 are proforma due to the transfer of Payshop from the perimeter of Banco CTT to CTT, S.A. in 3Q23.

Liabilities related to employee benefits

Liabilities related to employee benefits (post-employment and long-term benefits) stood at €207.3m in September 2023, down by €2.9m compared to December 2022, broken down as specified in the table below:

Liabilities related to employee benefits

	31.12.2022	30.09.2023	Δ	Δ%
				€ million
Total liabilities	210.2	207.3	(2.9)	(1.4%)
Healthcare	190.4	188.6	(1.7)	(0.9%)
Healthcare (321 Crédito)	1.0	1.0	0.1	8.4%
Suspension agreements	10.3	10.6	0.3	2.6%
Other long-term employee benefits	5.1	5.0	(0.1)	(2.9%)
Other long-term benefits (321 Crédito)	0.2	0.2	0.0	8.1%
Pension plan	0.2	0.2	(0.0)	(6.1%)
Other benefits	3.0	1.7	(1.3)	(44.3%)
Deferred tax assets	(59.5)	(58.5)	1.0	1.7%
Current amount of after-tax liabilities	150.7	148.8	(1.9)	(1.2%)

These liabilities related to employee benefits are associated with deferred tax assets amounting to €58.5m, which brings the current amount of liabilities related to employee benefits net of deferred tax assets associated with them to €148.8m.

Consolidated net debt

Consolidated net debt

	31.12.2022	30.09.2023	Δ	Δ%
Net debt	29.8	(21.7)	(51.4)	«
ST & LT debt	196.0	205.5	9.5	4.9%
of which Finance leases (IFRS16)	125.9	114.4	(11.5)	(9.1%)
Adjusted cash (I+II)	166.2	227.2	61.0	36.7%
Cash & cash equivalents	456.5	271.0	(185.4)	(40.6%)
Cash & cash equivalents at the end of the period (I)	410.8	237.6	(173.2)	(42.2%)
Other cash items	45.7	33.5	(12.2)	(26.7%)
Other Financial Services liabilities, net (II)	(244.6)	(10.4)	234.2	95.8%

€ million

The key aspects of the comparison between the **consolidated net debt** as at 30.09.2023 and that as at 31.12.2022 are as follows:

- **Adjusted cash** grew by €61.0m, as the positive performance of the operating cash flow (+€76.2m) offset the payment of employee benefits (-€12.7m), the payment of dividends (-€17.9m), the acquisition of own shares (-€4.5m) and investments in associated companies (-€0.3m), as well as the contracting of commercial paper programmes (+€34.9m).
- **Short-term & long-term debt** increased by €9.5m essentially due to the combined effect of the decrease in lease liabilities (-€11.5m), the amortisation of the loans with Novo Banco and BBVA/Bankinter (-€14.1m), as well as the contracting of commercial paper programmes (+€34.9m).

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

Consolidated net debt with Banco CTT under equity method

	31.12.2022*	30.09.2023	Δ	Δ%
Net debt with Banco CTT under equity method	185.7	176.1	(9.5)	(5.1%)
ST & LT debt	192.1	202.5	10.4	5.4%
of which Finance leases (IFRS16)	122.0	111.4	(10.6)	(8.7%)
Adjusted cash (I+II)	6.4	26.3	19.9	»
Cash & cash equivalents	371.2	222.9	(148.3)	(40.0%)
Cash & cash equivalents at the end of the period (I)	371.2	222.9	(148.3)	(40.0%)
Other cash items	0.0	0.0	0.0	(44.9%)
Other Financial Services liabilities, net (II)	(364.8)	(196.5)	168.2	46.1%

€ million

* The figures under 31.12.2022 are proforma due to the transfer of Payshop from the perimeter of Banco CTT to CTT, S.A. in 3Q23.

2. Other highlights

Postal regulatory issues

On 11 June 2021, CTT initiated **arbitration proceedings against the Portuguese State to protect its rights**, specifically: (a) the impacts and contractual effects, namely compensatory (which CTT estimates to be approximately 23 million euros), of the COVID-19 pandemic, as well as of the public measures adopted in that context; and (b) the legal compatibility, impacts and contractual effects, namely compensatory (which CTT estimates to be approximately 44 million euros), of the decision to extend the concession agreement. The above-mentioned figures correspond to the amounts to which CTT, with the data available at the time, considers to be entitled.

As communicated to the market on 1 October 2023, CTT has been notified of the Decision delivered by the Arbitration Court (dated 27 September) regarding these proceedings. As for the impact of the COVID-19 pandemic, the Court unanimously decided to order the State to pay CTT the amount of 6,785,781 Euros, calculated according to equity principles and which corresponds to the amount necessary to cover the "losses actually suffered by CTT" in the year 2020, because it considers that the pandemic constitutes an abnormal change in circumstances that had a negative impact on the execution of the Concession Agreement. Furthermore, with regard to the unilateral extension of the Concession Agreement, the Court unanimously concluded that the extension decision disturbed the financial balance of the Concession Agreement (to the detriment of CTT) and, as such, ordered the State to restore that balance, for the year 2021, by paying the amount of €16,769,864. Therefore, the State was ordered to pay the total amount of €23,555,645, plus accrued interest to be determined by the Arbitration Court, following the parties' submission on 9 October.

Main ESG milestones achieved

CTT continued its path of proactive leadership on ESG issues rather than just reacting to events. Proof of this was the higher ranking in the Sustainability Measurement and Management System rating by the International Post Corporation - IPC, an improved score that kept the company in 5th place overall, in global terms.

The close relationship with IPC also led to CTT's participation in another edition of the Green Postal Day, an international event of the sector aimed at publicising the commitment and leadership of postal operators in mitigating climate change. In celebration of PostEurop's 30th anniversary, CTT joined the World Cleanup Day by organising an urban clean-up.

On the **environmental front**, special mention of the CTT ecological fleet, which now has 731 vehicles, the majority of which are electric. With regard to **last-mile distribution**, 15.3% of the vehicles are electric. Also worthy of note is the reinforcement of the charging infrastructure with the progressive installation of chargers to meet the need to allocate electric vehicles.

Carbon emissions of scopes 1, 2 and 3 totalled 54.1 kt CO₂ in 3Q23. This impact is mainly the result of road transport and distribution activities in own and subcontracted fleets, with the providers' activity accounting for the largest share.

To mitigate the effects of the increase in express and parcel volumes in Portugal and Spain, routes have been optimised, either through synergies between CTT Expresso's distribution operation and the national mail network, or through the implementation of computerised dynamic route systems, particularly in Spain. To be highlighted is also an initiative that has been under testing in this segment, aimed at reducing the use of Parcel Aggregation Units, which has resulted in an increase in the capacity for transporting goods and making the most of the load occupancy in vehicles, reducing the kilometres travelled in long-distance vehicles.

The other strategic environmental front for CTT is the promotion of the **circular economy**. In this field, 82.4% of the products in the mail, parcels and express offer already incorporate recycled or reused materials, which puts CTT well on the way to achieving the target of incorporating this type of materials into 100% of this offer by 2030.

Finally, in keeping with CTT's long philatelic tradition in the field of environmental issues, special note to the launch of the new philatelic book "Botanical Journey through Portugal" in September.

In the **social component**, the release of [CTT's Equality Plan 2024](#) is to be highlighted. This publication, released annually on 15 September, outlines the path that CTT intends to take in order to achieve full equality between men and women within the organisations that make up the Group, be it in terms of salaries, the rate of positions in top management, the conditions for work-life balance, among other issues. With specific regard to gender parity in the company's top management, the percentage of **women in leadership positions** slightly rose to 40.2% (+0.3 p.p. compared to the end of June 2023).

Of particular note is the definition and internal dissemination of the strategy for action on **diversity, equity, inclusion and reconciliation at CTT**. In this context, four priority dimensions were defined: gender equality; generations; cultures; and people with disabilities. Although these dimensions intersect with each other and with others and are based on a common goal, they have specific objectives for each one. Reconciliation measures are transversal and can be adjusted or targeted at certain groups, guaranteeing equal opportunities.

With regard to the number of **accidents at work** in which CTT workers were involved, the 208 incidents recorded in 3Q23, which resulted in zero deaths, are 33.0% of the total recorded during the year. The accumulated figure for 9M23 already represents 78.8% of the total recorded in 2022, which serves as a benchmark and may indicate a slight increase in the accident indicator compared to last year.

Another company objective concerns the promotion of **purchases from local (i.e. Iberian) suppliers** in CTT's total supply chain. This indicator has remained unchanged in the last three months, at 99.8%. CTT thus maintains an almost exclusively local purchasing policy, in line with the best sustainability practices in this area.

With the aim of promoting a **positive impact on communities**, CTT has committed to investing 1.0% of recurring EBIT in social initiatives by 2025. The percentage recorded on 30 September was 0.4%, an increase of 0.1 p.p. compared to the end of June 2023.

The number of hours spent by employees on **volunteer activities** in 9M23 was 4.7 hours per person, 1.2 hours less than in the same period in 2022, as a result of the greater prevalence of one-off actions compared to ongoing ones. The increase in one-off initiatives organised with specific departments, including the recovery of wild animals in partnership with Quercus and the cleaning up of invasive species in partnership with the Institute for Nature Conservation and Forests, signals a greater investment in initiatives that strengthen ties within teams and a greater commitment by employees to the company's objectives and values. At the same time, the actions have an effective and immediate impact on organisations with a large presence in the communities and on the planet.

At the end of July, CTT celebrated the launch of the [10th edition of the "A Tree for the Forest" campaign](#), which this year brought several new features to celebrate the occasion, including the availability of a 100% digital format of the kits for sale in the CTT online shop. Locky has also joined this year's initiative, having already sent 235 "A Tree for the Forest" kits to customers who have already tried this service, an initiative that has been very well received by its customers.

Following the tragic earthquake that hit Morocco on 8 September, CTT prepared a solidarity campaign through its partner Western Union, which allowed all money transactions to Morocco to be made free of

charge. Although it was launched after 30 September, the campaign was conceived and prepared immediately after the natural disaster occurred.

In the field of **Ethics and the organisation's good governance principles**, as planned, there were two meetings of the Sustainability Committee. Topics such as the approval of the Equality Plan, detailed above, the new internal approaches to the social impact policy, the efforts needed to boost the decarbonisation of distribution in CTT's value chain and the path to be taken by the company to respond to the challenges of reporting under the new legislation, particularly at European level, which provides the framework for such reporting, were discussed.

During this quarter, the important milestone of publicising the new "CTT Group Code of Ethics" to each employee was reached. For the Chairman of the Board of Directors, Raúl Galamba, and the Chairman of the Executive Committee, João Bento, "this revision of the Code of Ethics is the result (...) of the desire and need to raise our standards at a time (...) when the intensity and pace of transformation (...) should not relieve us of the responsibility to do well, in an exemplary manner, without under any circumstances conceding the need to display ethically irreproachable behaviour."

Share Buy-back programme

In the context of the share buy-back programme announced to the market on 21 June 2023, as at 30 September 2023, CTT had already acquired 1,352,686 shares. As a consequence, on 30 September 2023, the Company held an aggregated total of 2,730,818 own shares, representing 1.90% of its share capital, including 1,378,132 own shares previously held.

As at 26 October 2023, date of the last communication on this subject to the market, CTT had already acquired 1,821,851 shares. As a consequence, on that date the Company held, as a result of the transactions carried out in the context of the share buyback programme, an aggregated total of 3,199,983 own shares, representing 2.22% of its share capital, including 1,378,132 own shares previously held.

Outlook for 2023

As a result of the performance in 3Q23, namely in Express & Parcels, recurring EBIT guidance for FY23 is again upgraded to $\geq\text{€}85\text{m}$.

Final Note

This press release is based on CTT – Correios de Portugal, S.A. interim condensed consolidated financial statements for the nine months of 2023.

Lisbon, 2 November 2023

The Board of Directors

This information to the market and the general public is made under the terms and for the purposes of article 29-Q of the Portuguese Securities Code. It is also available on CTT website at:

https://www.ctt.pt/grupo-ctt/investidores/comunicados/index?language_id=1

CTT – Correios de Portugal, S.A.

Guy Pacheco
Market Relations Representative of CTT

Nuno Vieira
Director of Investor Relations of CTT

Contacts:

Email: investors@ctt.pt

Telephone: + 351 210 471 087

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Forward-looking statements

This document contains forward-looking statements. All the statements herein which are not historical facts, including, but not limited to, statements expressing our current opinion or, as applicable, those of our directors regarding the financial performance, the business strategy, the management plans and objectives concerning future operations and investments are forward-looking statements. Statements that include the words “expects”, “estimates”, “foresees”, “predicts”, “intends”, “plans”, “believes”, “anticipates”, “will”, “targets”, “may”, “would”, “could”, “continues” and similar statements of a future or forward-looking nature identify forward-looking statements.

All forward-looking statements included herein involve known and unknown risks and uncertainties. Accordingly, there are or will be important factors that could cause our actual results, performance or achievements to differ materially from those indicated in these statements. Any forward-looking statements in this document reflect our current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the results of our operations, growth strategy and liquidity, and the wider environment (specifically, market developments, investment opportunities and regulatory conditions).

Although CTT believes that the assumptions beyond such forward-looking statements are reasonable when made, any third parties are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of CTT, what could cause the models, objectives, plans, estimates and / or projections to be materially reviewed and / or actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements.

Forward-looking statements (in particular, the objectives, estimates and projections as well as the corresponding assumptions) do neither represent a commitment regarding the models and plans to be implemented, nor are they guarantees of future performance, nor have they been reviewed by the auditors of CTT. You are cautioned not to place undue reliance on the forward-looking statements herein. All forward-looking statements included herein speak only as at the date of this document. Except as required by applicable law, CTT does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

9 Months Report 2023

Interim condensed consolidated
financial statements

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CTT-CORREIOS DE PORTUGAL, S.A.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 AND 30 SEPTEMBER 2023 (Euros)

	NOTES	31.12.2022	Unaudited 30.09.2023
ASSETS			
Non-current assets			
Tangible fixed assets	4	303,205,780	283,706,081
Investment properties	6	6,183,979	6,027,666
Intangible assets	5	69,408,609	67,020,460
Goodwill		80,256,739	80,256,739
Investments in associated companies		481	481
Investments in joint ventures		—	22,627
Other investments		961,394	1,511,394
Financial assets at fair value through profit or loss		26,219,905	24,153,973
Debt securities at amortised cost	8	409,388,745	388,813,508
Other non-current assets		1,177,648	2,917,889
Credit to banking clients	10	1,287,676,223	1,401,715,151
Other banking financial assets	9	961,446	—
Deferred tax assets	26	67,823,608	67,056,354
Total non-current assets		2,253,264,557	2,323,202,323
Current assets			
Inventories		8,040,976	7,964,547
Accounts receivable		147,130,876	145,070,626
Credit to banking clients	10	489,888,789	433,567,953
Income taxes receivable	23	1,102,700	8,268
Prepayments	11	9,011,875	12,389,168
Financial assets at fair value through profit or loss		26,478,525	27,178,174
Debt securities at amortised cost	8	128,391,899	70,836,636
Other current assets		76,482,423	110,050,061
Other banking financial assets	9	461,226,081	926,157,942
Cash and cash equivalents	12	456,469,298	271,021,783
		1,804,223,442	2,004,245,158
Non-current assets held for sale		200	200
Total current assets		1,804,223,642	2,004,245,358
Total assets		4,057,488,199	4,327,447,681
EQUITY AND LIABILITIES			
Equity			
Share capital	14	72,675,000	71,957,500
Own shares	15	(10,826,390)	(9,745,158)
Reserves	15	53,844,057	48,113,244
Retained earnings	15	64,647,067	83,238,248
Other changes in equity	15	6,857,207	7,562,670
Net profit		36,406,519	35,527,387
Equity attributable to equity holders		223,603,460	236,653,891
Non-controlling interests		1,326,016	1,707,033
Total equity		224,929,476	238,360,924
Liabilities			
Non-current liabilities			
Medium and long term debt	18	136,197,923	155,141,128
Employee benefits		185,257,617	184,848,089
Provisions	19	12,632,267	12,903,067
Debt securities issued at amortised cost	21	445,226,206	373,665,453
Prepayments	11	260,886	571,444
Deferred tax liabilities	26	9,847,476	9,297,625
Total non-current liabilities		789,422,375	736,426,806
Current liabilities			
Accounts payable	20	525,211,751	348,623,071
Banking clients' deposits and other loans	22	2,245,329,918	2,717,150,328
Employee benefits		22,091,681	20,785,863
Income taxes payable	23	—	9,602,650
Short term debt	18	59,756,744	50,348,867
Financial liabilities at fair value through profit or loss		26,344,517	24,448,661
Debt securities issued at amortised cost	21	351,654	313,990
Prepayments	11	3,678,140	5,615,097
Other current liabilities		114,161,276	132,878,909
Other banking financial liabilities	9	46,210,667	42,892,514
Total current liabilities		3,043,136,348	3,352,659,950
Total liabilities		3,832,558,723	4,089,086,756
Total equity and liabilities		4,057,488,199	4,327,447,681

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

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

	NOTES	Nine-months periods ended		Three months ended	
		Unaudited	Unaudited	Unaudited	Unaudited
		30.09.2022	30.09.2023	30.09.2022	30.09.2023
Sales and services rendered	3	579,305,443	614,127,877	185,074,626	198,303,478
Financial margin		53,500,054	72,095,705	19,079,554	26,045,920
Other operating income		29,984,946	29,198,657	12,207,118	10,669,392
		662,790,443	715,422,239	216,361,298	235,018,790
Cost of sales		(35,547,141)	(10,881,537)	(5,731,744)	(2,233,501)
External supplies and services		(251,116,444)	(272,981,419)	(84,425,161)	(98,757,030)
Staff costs	24	(266,132,801)	(287,360,078)	(86,058,565)	(90,544,153)
Impairment of accounts receivable, net		(2,791,054)	(1,471,909)	(1,467,528)	1,221,509
Impairment of other financial banking assets		(17,164,495)	(18,083,406)	(6,410,381)	(5,732,805)
Provisions, net	19	2,596,850	(1,019,736)	3,684,196	(746,850)
Depreciation/amortisation and impairment of investments, net		(48,073,192)	(51,910,588)	(16,270,989)	(15,618,636)
Net gains/(losses) of assets and liabilities at fair value through profit or loss		12,271,530	493,584	6,333,556	15,681
Other operating costs		(15,091,991)	(15,176,600)	(4,964,624)	(4,831,620)
Gains/losses on disposal/ remeasurement of assets		1,276,084	55,167	1,253,617	29,018
		(619,772,654)	(658,336,522)	(194,057,623)	(217,198,387)
		43,017,791	57,085,717	22,303,675	17,820,403
Interest expenses	25	(6,931,854)	(12,287,136)	(2,369,166)	(4,551,071)
Interest income	25	13,914	650,159	1,235	41,557
Gains/losses in subsidiary, associated companies and joint ventures		(197,822)	(6)	(96,967)	(1,674)
		(7,115,762)	(11,636,983)	(2,464,898)	(4,511,188)
Earnings before taxes		35,902,029	45,448,734	19,838,777	13,309,215
Income tax for the period	26	(7,620,135)	(9,950,101)	(6,120,807)	(3,832,551)
Net profit for the period		28,281,894	35,498,633	13,717,970	9,476,664
Net profit for the period attributable to:					
Equity holders		28,305,860	35,527,387	13,756,677	9,478,553
Non-controlling interests		(23,966)	(28,754)	(38,707)	(1,890)
Earnings per share:	17	0.19	0.25	0.09	0.07

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

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

	NOTES	Nine-months periods ended		Three months ended	
		Unaudited	Unaudited	Unaudited	Unaudited
		30.09.2022	30.09.2023	30.09.2022	30.09.2023
Net profit for the period		28,281,894	35,498,633	13,717,970	9,476,664
Adjustments from application of the equity method (non re-classifiable adjustment to profit and loss)	15	71,413	1,771	28,028	8,518
Changes to fair value reserves		(29,152)	—	(21,012)	—
Employee benefits (non re-classifiable adjustment to profit and loss)		47,275,716	—	—	—
Deferred tax/Employee benefits (non re-classifiable adjustment to profit and loss)		(13,234,189)	—	—	—
Other changes in equity	15	854,433	1,771	148,124	8,518
Other comprehensive income for the period after taxes		34,938,221	3,542	155,140	17,036
Comprehensive income for the period		63,220,115	35,502,175	13,873,110	9,493,700
Attributable to non-controlling interests		830,467	(26,983)	109,416	6,628
Attributable to shareholders of CTT		62,389,648	35,529,158	13,763,693	9,487,072

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

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

	NOTES	Share capital	Own Shares	Reserves	Other changes in equity	Retained earnings	Net profit for the year	Non-controlling interests	Total
Balance on 31 December 2021		75,000,000	(6,404,963)	67,078,351	(43,998,612)	43,904,074	38,404,113	563,106	174,546,069
Share capital decrease	14	(2,325,000)	17,152,548	(14,827,548)	—	—	—	—	—
Appropriation of net profit for the year of 2021		—	—	—	—	38,404,113	(38,404,113)	—	—
Dividends	16	—	—	—	—	(17,656,441)	—	—	(17,656,441)
Acquisition of own shares	15	—	(21,573,976)	—	—	—	—	—	(21,573,976)
Share plan	15	—	—	1,620,000	—	—	—	—	1,620,000
		(2,325,000)	(4,421,428)	(13,207,548)	—	20,747,672	(38,404,113)	—	(37,610,417)
Other movements	15	—	—	—	—	—	—	827,244	827,244
Actuarial gains/losses - Health Care, net from deferred taxes	15	—	—	—	50,855,819	—	—	—	50,855,819
Changes to fair value reserves	15	—	—	(26,746)	—	—	—	—	(26,746)
Adjustments from the application of the equity method	15	—	—	—	—	(4,678)	—	—	(4,678)
Net profit for the period		—	—	—	—	—	36,406,519	(64,334)	36,342,185
Comprehensive income for the period		—	—	(26,746)	50,855,819	(4,678)	36,406,519	762,910	87,993,824
Balance on 31 December 2022		72,675,000	(10,826,390)	53,844,057	6,857,207	64,647,067	36,406,519	1,326,016	224,929,476
Share capital decrease	14	(717,500)	5,293,313	(4,575,813)	—	—	—	—	—
Appropriation of net profit for the year of 2022		—	—	—	—	36,406,519	(36,406,519)	—	—
Dividends	16	—	—	—	—	(17,817,109)	—	—	(17,817,109)
Acquisition of own shares	15	—	(4,661,617)	—	—	—	—	—	(4,661,617)
Attribution of own shares	15	—	449,537	(1,155,000)	705,463	—	—	—	—
Share plan		—	—	—	—	—	—	—	—
Other movements	15	—	—	—	—	—	—	408,000	408,000
		(717,500)	1,081,233	(5,730,813)	705,463	18,589,410	(36,406,519)	408,000	(22,070,726)
Other movements	15	—	—	—	—	—	—	1,771	1,771
Adjustments from the application of the equity method		—	—	—	—	1,771	—	—	1,771
Net profit for the period		—	—	—	—	—	35,527,387	(28,754)	35,498,633
Comprehensive income for the period		—	—	—	—	1,771	35,527,387	(26,983)	35,502,175
Balance on 30 September 2023 (Unaudited)		71,957,500	(9,745,158)	48,113,244	7,562,670	83,238,248	35,527,387	1,707,033	238,360,924

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

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

Euros

	NOTES	Unaudited 30.09.2022	Unaudited 30.09.2023
Cash flow from operating activities			
Collections from customers		595,549,053	634,704,531
Payments to suppliers		(333,163,883)	(325,854,214)
Payments to employees		(239,044,009)	(259,310,779)
Banking customer deposits and other loans		155,755,620	466,236,843
Credit to banking clients		(186,540,735)	(68,781,433)
Cash flow generated by operations		(7,443,953)	446,994,947
Payments/receivables of income taxes		(15,640,781)	1,057,992
Other receivables/payments		123,746,479	(108,578,573)
Cash flow from operating activities (1)		100,661,744	339,474,366
Cash flow from investing activities			
Receivables resulting from:			
Tangible fixed assets		32,080	10,080
Financial investments	8	2	—
Investment subsidies			73,647
Investment in securities at fair value through other comprehensive income	8	4,880,866	—
Investment in securities at amortised cost	8	406,681,491	126,300,000
Demand deposits at Bank of Portugal		19,937,800	—
Other banking financial assets	9	5,995,000	7,420,000
Interest income		69,466	2,104,562
Payments resulting from:			
Tangible fixed assets		(11,669,927)	(10,748,803)
Intangible assets		(14,390,001)	(12,048,596)
Financial investments	8	(650,000)	(741,605)
Investment in securities at fair value through other comprehensive income	8	(1,146,911)	—
Investment in securities at amortised cost		(658,922,859)	(49,877,352)
Demand deposits at Bank of Portugal		—	(2,465,800)
Applications at the Central Bank		(516,800,000)	(457,847,000)
Other banking financial assets	9	(3,750,000)	(10,600,000)
Cash flow from investing activities (2)		(769,732,992)	(408,420,866)
Cash flow from financing activities			
Receivables resulting from:			
Loans obtained	18	31,720	34,780,874
Capital realisations and other equity instruments		867,000	408,000
Other credit institutions' deposits		365	—
Debt securities issued		201,500,000	—
Payments resulting from:			
Loans repaid	18	(15,255,207)	(15,935,400)
Interest expenses		(292,751)	(1,872,175)
Lease liabilities	18	(25,272,935)	(27,684,142)
Debt securities issued	9	(11,556,284)	(71,586,282)
Acquisition of own shares	15	(21,573,976)	(4,510,815)
Dividends	16	(17,656,441)	(17,888,170)
Cash flow from financing activities (3)		110,791,490	(104,288,110)
Net change in cash and cash equivalents (1+2+3)		(558,279,758)	(173,234,610)
Cash and equivalents at the beginning of the period		856,957,546	410,798,975
Cash and cash equivalents at the end of the period	12	298,677,788	237,564,365
Cash and cash equivalents at the end of the period			
Sight deposits at Bank of Portugal		—	25,651,700
Outstanding checks of Banco CTT / Checks clearing of Banco CTT		11,176,687	7,817,209
Impairment of slight and term deposits		(5,573)	(11,490)
Cash and cash equivalents (Balance sheet)		309,848,902	271,021,783

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

CTT – CORREIOS DE PORTUGAL, S.A.

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

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1. Introduction

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

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

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

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

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

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

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

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

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

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

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

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

The shares of CTT are listed on Euronext Lisbon.

These financial statements were approved by the Board of Directors and authorised for issue on 2 November 2023.

2. Material accounting policies

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

2.1 New standards or amendments adopted by the Group

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

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

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

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

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

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

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

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

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

2.2 Basis of preparation

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

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

3. Segment reporting

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

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

The business of CTT is organised in the following segments:

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

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

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

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

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

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

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

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

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

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

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

30.09.2022					
Thousand Euros	Mail	Express & Parcels	Financial Services & Retail	Bank	Total
Revenues	345,480	187,764	39,532	90,014	662,790
Sales and services rendered	340,274	187,315	38,287	13,430	579,305
<i>Services rendered</i>	312,386	187,298	28,528	13,430	541,641
<i>Sales</i>	27,888	17	9,760	—	37,664
Financial Margin	—	—	—	53,500	53,500
Other operating income	5,206	449	1,245	23,084	29,985
Operating costs - EBITDA	309,766	171,720	19,852	74,622	575,961
Staff costs	220,407	22,229	739	20,160	263,535
External supplies and services	70,538	148,573	1,674	28,328	249,113
Other costs	28,294	1,660	9,165	6,835	45,955
Impairment and provisions	(2,330)	711	1,140	17,838	17,359
Internal services rendered	(7,142)	(1,453)	7,134	1,461	—
EBITDA	35,713	16,044	19,680	15,392	86,829
Depreciation/amortisation and impairment of investments, net	30,899	11,278	79	5,818	48,073
EBIT recurring	4,814	4,767	19,601	9,575	38,756
Specific items	5,856	746	3	(10,866)	(4,262)
<i>Business restructurings</i>	2,866	579	—	—	3,445
<i>Strategic studies and projects costs</i>	1,627	144	—	139	1,910
<i>Other non-recurring income and expenses</i>	1,363	23	3	(11,005)	(9,616)
EBIT	(1,042)	4,021	19,598	20,440	43,018
Financial results					(7,116)
<i>Interest expenses</i>					(6,932)
<i>Interest income</i>					14
Gains/losses in subsidiary, associated companies and joint ventures					(198)
Earnings before taxes (EBT)					35,902
Income tax for the period					7,620
Net profit for the period					28,282
Non-controlling interests					(24)
Equity holders of parent company					28,306

Thousand Euros	30.09.2023				
	Mail	Express & Parcels	Financial Services & Retail	Bank	Total
Revenues	323,032	229,488	54,786	108,117	715,422
Sales and services rendered	318,073	228,994	53,376	13,684	614,128
<i>Services rendered</i>	312,403	228,979	48,086	13,684	603,151
<i>Sales</i>	5,670	16	5,291	—	10,976
Financial Margin	—	—	—	72,096	72,096
Other operating income	4,959	494	1,409	22,337	29,199
Operating costs - EBITDA	288,540	205,725	21,790	83,790	599,846
Staff costs	228,785	28,578	2,669	22,809	282,841
External supplies and services	62,702	174,936	1,281	32,108	271,027
Other costs	10,721	1,483	5,436	7,763	25,402
Impairment and provisions	(388)	2,025	7	18,931	20,575
Internal services rendered	(13,281)	(1,296)	12,398	2,179	—
EBITDA	34,492	23,762	32,996	24,327	115,577
Depreciation/amortisation and impairment of investments, net	29,572	11,678	101	6,170	47,522
EBIT recurring	4,919	12,084	32,894	18,157	68,055
Specific items	10,190	613	—	166	10,969
<i>Business restructurings</i>	4,213	306	—	—	4,519
<i>Strategic studies and projects costs</i>	1,277	330	—	—	1,607
<i>Other non-recurring income and expenses</i>	4,700	(23)	—	166	4,843
EBIT	(5,271)	11,472	32,894	17,991	57,086
Financial results					(11,637)
<i>Interest expenses</i>					(12,287)
<i>Interest income</i>					650
Gains/losses in subsidiary, associated companies and joint ventures					—
Earnings before taxes and non-controlling interests (EBT)					45,449
Income tax for the period					9,950
Net profit for the period					35,499
Non-controlling interests					(29)
Equity holders of parent company					35,527

As at 30 September 2023, specific items amounted to 11.0 million euros, due to: (i) restructuring, namely agreements to suspend employment contracts (+4.5 million euros), (ii) strategic projects (+1.6 million euros), (iii) reinforcement of the impairment loss for the former headquarters (+5.2 million euros), (iv) change of headquarters (-0.4 million euros) and, (v) losses with the appreciation of contracted derivatives (+0.2 million euros).

The revenues are detailed as follows:

Thousand Euros	30.09.2022	30.09.2023
Mail	345,480	323,032
Transactional mail	256,838	257,408
Editorial mail	9,027	8,657
Parcels (USO)	5,371	5,481
Advertising mail	12,880	9,290
Philately	3,258	3,145
Business Solutions	51,691	32,731
Other	6,415	6,319
Express & Parcels	187,764	229,488
Portugal	94,301	106,211
Parcels	84,257	96,361
Cargo	3,783	3,046
Banking network	3,183	3,218
Logistics	2,502	2,931
Other	576	655
Spain	90,663	119,858
Mozambique	2,800	3,419
Financial Services & Retail	39,532	54,786
Savings & Insurance products	20,338	41,071
Money orders	4,390	3,112
Payments	1,127	1,139
Retail	12,603	8,176
Other	1,074	1,288
Bank	90,014	108,117
Net interest income	53,500	72,096
Interest income (+)	57,074	92,878
Interest expense (-)	(3,573)	(20,782)
Fees & commissions income (+)	33,512	34,018
Credits	3,915	3,713
Savings & Insurance	5,522	5,843
Accounts and Cards	10,220	10,327
Payments	13,779	14,064
Other commissions received	77	70
Other	3,002	2,004
	662,790	715,422

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

Nature	30.09.2022				Total
	Mail	Express & Parcels	Financial Services & Retail	Bank	
Postal Services	328,538,745	—	—	—	328,538,745
Express services	—	187,314,851	—	—	187,314,851
Merchandising products sales	—	—	1,274,591	—	1,274,591
PO Boxes	—	—	1,144,900	—	1,144,900
International mail services (*)	11,734,836	—	—	—	11,734,836
Financial Services fees	—	—	35,867,681	66,929,893	102,797,574
"Sales and Services rendered" and "Financial Margin" total	340,273,581	187,314,851	38,287,172	66,929,893	632,805,497

(*) Inbound Mail

Nature	30.09.2023				
	Mail	Express & Parcels	Financial Services & Retail	Bank	Total
Postal Services	305,936,007	—	—	—	305,936,007
Express services	—	228,994,307	—	—	228,994,307
Merchandising products sales	—	—	944,916	—	944,916
PO Boxes	—	—	1,106,593	—	1,106,593
International mail services (*)	12,136,929	—	—	—	12,136,929
Financial Services fees	—	—	51,324,928	85,779,902	137,104,830
"Sales and Services rendered" and "Financial Margin" total	318,072,936	228,994,307	53,376,437	85,779,902	686,223,582

(*) Inbound Mail

The assets by segment are detailed as follows:

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

Assets (Euros)	30.09.2023					
	Mail	Express & Parcels	Financial Services & Retail	Bank	Non allocated assets	Total
Intangible assets	32,225,963	8,999,205	373,568	24,302,023	1,119,700	67,020,460
Tangible fixed assets	194,841,058	83,182,076	4,930	5,134,285	543,732	283,706,081
Investment properties	—	—	—	—	6,027,666	6,027,666
Goodwill	16,216,237	2,955,753	—	61,084,749	—	80,256,739
Deferred tax assets	—	—	—	—	67,056,354	67,056,354
Accounts receivable	—	—	—	—	145,070,626	145,070,626
Credit to bank clients	—	—	—	1,835,283,104	—	1,835,283,104
Financial assets at fair value through profit or loss	—	—	—	51,332,147	—	51,332,147
Debt securities at amortised cost	—	—	—	459,650,144	—	459,650,144
Other banking financial assets	—	—	—	926,157,942	—	926,157,942
Other assets	15,358,921	31,674,228	3,699,062	51,246,236	32,885,987	134,864,436
Cash and cash equivalents	—	26,350,980	—	101,927,934	142,742,869	271,021,784
Non-current assets held for sale	—	—	—	200	—	200
	258,642,179	153,162,243	4,077,560	3,516,118,764	395,446,935	4,327,447,682

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

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

	30.09.2023					
	Mail	Express & Parcels	Financial Services & Retail	Bank	Non allocated assets	Total
Intangible assets	4,046,406	2,629,234	55,063	3,513,001	—	10,243,704
Tangible fixed assets	4,002,611	10,563,380	—	906,385	—	15,472,376
	8,049,017	13,192,614	55,063	4,419,385	—	25,716,080

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

- “Intangible assets” (1,119,700 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” (543,732 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” (6,027,666 Euros): These assets are not allocated to the operating activity, which is why they are not allocated to any segment;
- “Deferred tax assets” (67,056,354 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” (145,070,626 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” (32,885,987 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 (142,742,869 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)	31.12.2022				
	Mail	Express & Parcels	Financial Services & Retail	Bank	Total
Non-current debt	86,221,715	47,207,447	14,320	2,754,441	136,197,923
Bank loans	40,706,101	—	—	—	40,706,101
Lease liabilities	45,515,614	47,207,447	14,320	2,754,441	95,491,822
Current debt	43,016,079	15,550,912	18,221	1,171,532	59,756,744
Bank loans	21,588,169	7,783,898	—	—	29,372,066
Lease liabilities	21,427,911	7,767,015	18,221	1,171,532	30,384,678
	129,237,794	62,758,359	32,541	3,925,972	195,954,667

Other information (Euros)	30.09.2023				
	Mail	Express & Parcels	Financial Services & Retail	Bank	Total
Non-current debt	105,545,790	47,530,548	2,307	2,062,483	155,141,128
Bank loans	33,453,514	—	—	—	33,453,514
Commercial Paper	34,939,397	—	—	—	34,939,397
Lease liabilities	37,152,880	47,530,548	2,307	2,062,483	86,748,218
Current debt	32,278,387.9	17,077,370.84	10,266.06	982,842.24	50,348,867.04
Bank loans	14,857,910	7,830,650	—	—	22,688,560
Commercial Paper	(12,403)	—	—	—	(12,403)
Lease liabilities	17,432,881	9,246,721	10,266	982,842	27,672,711
	137,824,178	64,607,919	12,573	3,045,325	205,489,995

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

Thousand Euros	30.09.2022	30.09.2023
Revenue - Portugal	453,075	441,420
Revenue - other countries	126,230	172,708
	579,305	614,128

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 114,471 thousand Euros (30 September 2022: 87,832 thousands of euros).

4. Tangible fixed assets

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

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

	30.09.2023									
	Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Office equipment	Other tangible fixed assets	Tangible fixed assets in progress	Advance payments to suppliers	Rights of use	Total
Tangible fixed assets										
Opening balance	35,608,901	343,254,451	181,158,903	3,649,503	74,307,835	28,567,252	4,018,810	152,577	257,604,568	928,322,799
Acquisitions	—	364,716	2,264,359	5,330	426,584	569,478	2,744,488	18,583	—	6,393,538
New contracts	—	—	—	—	—	—	—	—	9,078,838	9,078,838
Disposals	—	—	(440,879)	(4,053)	(502)	—	—	—	—	(445,434)
Transfers and write-offs	—	4,282,487	1,672,765	—	175,602	(29,695)	(5,979,337)	(100,908)	(531,516)	(510,602)
Terminated contracts	—	—	—	—	—	—	—	—	(1,261,497)	(1,261,497)
Remeasurements	—	—	—	—	—	—	—	—	4,528,551	4,528,551
Adjustments	—	306	8,428	402	488	16,299	(205,126)	—	147,198	(32,003)
Closing balance	35,608,901	347,901,960	184,663,576	3,651,181	74,910,007	29,123,334	578,835	70,252	269,566,141	946,074,188
Accumulated depreciation										
Opening balance	3,561,803	238,669,491	145,112,462	3,505,640	68,299,578	22,570,731	—	—	139,745,187	621,464,892
Depreciation for the period	—	7,572,593	3,550,400	49,602	1,294,880	1,101,832	—	—	25,138,411	38,707,718
Disposals	—	—	(432,177)	(3,725)	(309)	—	—	—	—	(436,211)
Transfers and write-offs	—	(58,835)	—	—	(6,207)	(8,736)	—	—	(390,357)	(464,135)
Terminated contracts	—	—	—	—	—	—	—	—	(1,261,497)	(1,261,497)
Adjustments	—	130	11,905	386	354	212	—	—	59,681	72,667
Closing balance	3,561,803	246,183,379	148,242,590	3,551,903	69,588,296	23,664,039	—	—	163,291,425	658,083,434
Accumulated impairment										
Opening balance	—	218,840	—	—	—	16,125	—	—	3,417,162	3,652,127
Increases	—	280,550	—	—	—	—	—	—	4,896,310	5,176,860
Reversals	—	(268,530)	—	—	—	(2,319)	—	—	(4,273,464)	(4,544,313)
Closing balance	—	230,860	—	—	—	13,806	—	—	4,040,008	4,284,674
Net Tangible fixed assets	32,047,098	101,487,721	36,420,986	99,279	5,321,712	5,445,490	578,835	70,252	102,234,708	283,706,081

The depreciation recorded in the Group amounting to 38,707,718 Euros (36,078,235 Euros on 30 September 2022), is booked under the caption Depreciation/amortisation and impairment of investments, net.

As at 30 September 2023, “Land and natural resources” and “Buildings and other constructions” include 434,369 Euros (458,441 Euros as at 31 December 2022), related to land and property in co-ownership with the company MEO – Serviços de Comunicações e Multimédia, S.A..

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

In the nine-months periods ended 30 September 2023, the Group reviewed the useful lives of some classes of tangible fixed assets, of which the following stand out: computer equipment from the office equipment class, essentially extending them from 3 to 6 years; ii) sorting machines, from basic equipment class, essentially extending them from 8 to 15 years; and iii) improvement works on third-party buildings in the Buildings and other constructions class, in which case their useful life was evaluated together with the underlying lease term. The review of the useful life was carried out based on the analysis of the historical average effective use of the assets allocated to the underlying class taking into account their current estimated economic life, as well as the analysis of the useful lives practised for similar assets by the Peer Groups of CTT Group. Changes in useful lives are accounted for prospectively. The impact of this change results in a reduction in depreciation in the nine-months periods ended 30 September 2023 of 1,364 thousand euros and an estimated reduction for the year 2023 of 1,830 thousand euros.

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

Buildings and other constructions:

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

Basic equipment:

The amount related to acquisitions mainly concerns to the acquisition of motorcycles in the amount of 234 thousand Euros by CTT, the acquisition of several postal equipment in the amount of 783 thousand Euros by CTT Expresso and the acquisition of lockers in the amount of 694 thousand Euros by Open Lockers.

Office equipment:

The amount relating to acquisitions mainly concerns to the acquisition of furniture in the amount of 171 thousand Euros, at CTT, as well as the acquisition of several microcomputer equipment in the amount

of 98 thousand Euros and the acquisition of furniture in the amount of 32 thousand Euros at CTT Espresso.

Other tangible fixed assets:

The acquisitions caption essentially books prevention and safety equipment amounting approximately 221 thousand Euros and the acquisition of fixed communication equipment for an approximate amount of 158 thousand Euros at CTT and the acquisition of prevention and safety equipment amounting 56 thousand Euros at CTT Espresso.

Tangible fixed assets in progress and advance payments to suppliers:

Under the caption of acquisitions of tangible fixed assets in progress and advances payment on suppliers, are essentially booked the construction works on the new headquarters building - Green Park at CTT, however, transferred to the related nature caption upon completion.

Rights of Use

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

	31.12.2022			
	Buildings	Vehicles	Other assets	Total
Tangible fixed assets				
Opening balance	221,150,166	33,910,310	1,611,141	256,671,618
New contracts	24,666,056	3,892,932	3,604,418	32,163,406
Transfers and write-offs	(55,627,031)	901,179	(481,795)	(55,207,647)
Remeasurements	23,900,634	80,749	—	23,981,383
Adjustments	(6,272)	2,080	—	(4,192)
Closing balance	214,083,554	38,787,250	4,733,764	257,604,568
Accumulated depreciation				
Opening balance	135,142,142	17,015,249	1,027,547	153,184,938
Depreciation for the period	21,125,315	7,383,869	880,331	29,389,515
Transfers and write-offs	(42,812,311)	(273,521)	(91,208)	(43,177,040)
Adjustments	268,566	79,207	—	347,773
Closing balance	113,723,712	24,204,805	1,816,670	139,745,187
Accumulated impairment				
Opening balance	—	—	—	—
Other variations	3,417,162	—	—	3,417,162
Closing balance	3,417,162	—	—	3,417,162
Net Tangible fixed assets	96,942,681	14,582,445	2,917,094	114,442,219

	30.09.2023			
	Buildings	Vehicles	Other assets	Total
Tangible fixed assets				
Opening balance	214,083,554	38,787,250	4,733,764	257,604,568
New contracts	8,132,422	946,415	—	9,078,838
Transfers and write-offs	(447,103)	(84,413)	—	(531,516)
Terminated contracts	(1,258,289)	(3,208)	—	(1,261,497)
Remeasurements	2,707,717	1,820,834	—	4,528,551
Adjustments	143,433	3,765	—	147,198
Closing balance	223,361,733	41,470,644	4,733,764	269,566,141
Accumulated depreciation				
Opening balance	113,723,712	24,204,805	1,816,670	139,745,187
Depreciation for the period	18,239,482	6,140,943	757,986	25,138,411
Transfers and write-offs	(309,875)	(80,481)	—	(390,357)
Terminated contracts	(1,258,289)	(3,208)	—	(1,261,497)
Adjustments	59,681	—	—	59,681
Closing balance	130,454,711	30,262,058	2,574,656	163,291,425
Accumulated impairment				
Opening balance	3,417,162	—	—	3,417,162
Increases	4,896,310	—	—	4,896,310
Reversals	(4,273,464)	—	—	(4,273,464)
Closing balance	4,040,008	—	—	4,040,008
Net Tangible fixed assets	88,867,014	11,208,586	2,159,108	102,234,708

The depreciation recorded, in the amount of 25,138,411 Euros (21,841,199 Euros on 30 September 2022), is booked under the caption “Depreciation/amortisation and impairment of investments, net.”

As at 31 December 2022, the caption “Transfers and write-offs” essentially books the adjustment of the right of use associated with the lease agreement of the former CTT headquarters building - Edificio Báltico, following the remeasurement of the underlying liability, carried out within the scope of the decision to change headquarters premises. During 2022, an amendment to the lease in force was identified, embodied in a negotiation process in the pre-completion phase, which i) not being a separate lease; and ii) reducing the lease term, resulted in the adjustment of the right of use corresponding to a gross amount of 52,413 thousand euros and accumulated amortisations in the amount of 40,990 thousand euros, which together with the adjustment of the corresponding lease liability in the amount of 14,847 thousand euros, originated a gain of 3,424 thousand euros recognised under the caption “Gains/losses on sale/remeasurement of assets”. Additionally, on 31 December 2022, a new amendment to the aforementioned lease agreement was recorded due to a breach of agreed pre-contractual conditions which, once again, i) not being a separate lease; and ii) increasing the lease term, implied the remeasurement and recognition of the liability for the remaining term of the lease contract, in the amount of 14,231 thousand Euros, taking into account the discount rate in force on the date of this new amendment, as well as the corresponding right-of-use asset recognised under “Remeasurements” caption, in the same amount. Also with reference to 31 December 2022, an impairment loss was recognised for the aforementioned right of use, in the amount of 3,636 thousand Euros, corresponding to the period in which there is an expectation that the right of use does not generate economic benefits for the Group because the building is vacant. Additionally, an amount of 4,282 thousand Euros was recognised under the caption “New Contracts”, relating to the lease agreement for the new CTT headquarters building – Green Park. As at 30 September 2023, the amount recorded under “reversals” caption corresponds to the contract period that has already elapsed, the impairment being reverted in proportion to the depreciation of the right of use. Having maintained the vacancy situation of the building, the impairment loss initially recognised on 31 December 2022 was, in the period ended on 30 September 2023, increased by 5,177 thousand Euros.

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

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

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

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 September 2023, amount to 1,515,306 Euros.

5. Intangible assets

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

	31.12.2022					Total
	Development projects	Computer Software	Industrial property	Other intangible assets	Intangible assets in progress	
Intangible assets						
Opening balance	4,380,552	148,350,779	18,820,229	1,497,893	11,867,286	184,916,739
Acquisitions	—	2,324,541	861,415	—	17,112,475	20,298,431
Transfers and write-offs	—	18,791,615	(114,634)	(1,053,154)	(19,594,954)	(1,971,127)
Adjustments	—	—	24,387	—	50,177	74,564
Other movements - PPA New Spring Services	—	—	—	1,864,330	—	1,864,330
Closing balance	4,380,552	169,466,935	19,591,397	2,309,070	9,434,984	205,182,938
Accumulated amortisation						
Opening balance	4,379,539	102,371,559	13,099,884	1,497,893	—	121,348,875
Amortisation for the period	1,013	14,211,222	1,572,482	481,118	—	16,265,834
Transfers and write-offs	—	(686,343)	(114,564)	(1,053,154)	—	(1,854,061)
Adjustments	—	—	13,682	—	—	13,682
Closing balance	4,380,552	115,896,437	14,571,483	925,857	—	135,774,330
Accumulated impairment						
Opening balance	—	—	—	—	60,617	60,617
Other movements	—	—	—	—	(60,617)	(60,617)
Closing balance	—	—	—	—	—	—
Net intangible assets	—	53,570,497	5,019,914	1,383,213	9,434,984	69,408,608

	30.09.2023					Total
	Development projects	Computer Software	Industrial property	Other intangible assets	Intangible assets in progress	
Intangible assets						
Opening balance	4,380,552	169,466,935	19,591,397	2,309,070	9,434,984	205,182,938
Acquisitions	—	1,801,123	176,780	—	8,265,801	10,243,704
Transfers and write-offs	—	14,766,293	—	—	(14,864,210)	(97,917)
Adjustments	—	—	3,157	—	(120,767)	(117,610)
Closing balance	4,380,552	186,034,351	19,771,334	2,309,070	2,715,808	215,211,115
Accumulated amortisation						
Opening balance	4,380,552	115,896,437	14,571,483	925,857	—	135,774,330
Amortisation for the period	—	11,210,231	933,151	270,629	—	12,414,010
Adjustments	—	—	2,316	—	—	2,316
Closing balance	4,380,552	127,106,668	15,506,950	1,196,486	—	148,190,656
Net intangible assets	—	58,927,683	4,264,384	1,112,584	2,715,808	67,020,460

The amortisation for the period ended 30 September 2023, amounting to 12,414,010 Euros (12,033,121 Euros as at 30 September 2022) was recorded under Depreciation / amortisation and impairment of investments, net.

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

In the nine-months period ended 30 September 2023, the Group reviewed the useful lives of some classes of intangible assets, in particular application software, belonging to the Computer Software class, extending them from 3 to 6 years. The review of the useful life was carried out based on the analysis of the historical average effective use of the assets allocated to the underlying class, taking into account their current estimated economic life. Changes in useful lives are accounted for prospectively. The impact of this change results in a reduction in amortisation in the nine-months period ended 30 September 2023 of 1,480 thousand euros and an estimated reduction for the year 2023 of 1,772 thousand euros.

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

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

The amounts of 2,270,912 Euros and 1,602,879 Euros were capitalised in computer software and in Intangible assets in progress as at 31 December 2022 and 30 September 2023, respectively, and are related to staff costs incurred in the development of these projects.

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

Computer software:

The acquisitions item essentially includes acquisitions by CTT Espresso of the “Application Integration” software in the amount of 594 thousand Euros, in the “Micro IO” software in the amount of 270 thousand euros, in the “SalesForce” software in the amount of 282 thousand Euros.

Industrial property:

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

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

	30.09.2023
MB cards at Agents - software	357,644
Accipiens - software	194,862
ERP - SAP Success Factors	192,217
Mortgage loans - software	152,264
Business Process Workflow	118,008
Target Consolidation	106,610
	1,121,605

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

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

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

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

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

Contractual commitments related intangible assets amounted to 5,602,828 Euros at 30 September 2023,

6. Investment properties

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

	31.12.2022		
	Land and natural resources	Buildings and other constructions	Total
Investment properties			
Opening balance	2,889,422	11,230,168	14,119,589
Disposals	(27,175)	(177,275)	(204,450)
Closing balance	2,862,247	11,052,892	13,915,139
Accumulated depreciation			
Opening balance	158,649	7,240,580	7,399,229
Depreciation for the period	—	210,263	210,263
Disposals	(3,081)	(128,433)	(131,513)
Closing balance	155,569	7,322,410	7,477,979
Accumulated impairment			
Opening balance	—	392,936	392,936
Impairment for the period	—	(139,754)	(139,754)
Closing balance	—	253,181	253,181
Net Investment properties	2,706,679	3,477,300	6,183,979
	30.09.2023		
	Land and natural resources	Buildings and other constructions	Total
Investment properties			
Opening balance	2,862,247	11,052,892	13,915,139
Closing balance	2,862,247	11,052,892	13,915,139
Accumulated depreciation			
Opening balance	155,569	7,322,410	7,477,979
Depreciation for the period	—	156,313	156,313
Closing balance	155,569	7,478,723	7,634,292
Accumulated impairment			
Opening balance	—	253,181	253,181
Impairment for the period	—	—	—
Closing balance	—	253,181	253,181
Net Investment properties	2,706,679	3,320,987	6,027,666

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

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

The depreciation for the nine-months period ended 30 September 2023, of 156,313 Euros (158,973 Euros on 30 September 2022) was recorded in the caption Depreciation/amortisation and impairment of investments, net.

For the nine-months period ended 30 September 2023, the rents amount charged by the Group for properties and equipment leases classified as investment properties was 26,652 Euros (30 September 2022: 29,407 Euros).

7. Companies included in the consolidation

Subsidiary companies

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

Company name	Place of business	Head office	31.12.2022			30.09.2023		
			Percentage of ownership			Percentage of ownership		
			Direct	Indirect	Total	Direct	Indirect	Total
<u>Parent company:</u>								
CTT - Correios de Portugal, S.A.	Portugal	Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon	—	—	—	—	—	—
<u>Subsidiaries:</u>								
CTT Expresso - Serviços Postais e Logística, S.A. ("CTT Expresso")	Portugal	Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon	100	—	100	100	—	100
Payshop Portugal, S.A. ("Payshop")	Portugal	Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon	—	100	100	100	—	100
CTT Contacto, S.A. ("CTT Con")	Portugal	Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon	100	—	100	100	—	100
CTT Soluções Empresariais, S.A. ("CTT Sol")	Portugal	Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon	100	—	100	100	—	100
Correio Expresso de Moçambique, S.A. ("CORRE")	Mozambique	Av. 24 de Julho, Building 24, nr 1097, 3rd floor, Bairro da Polana Maputo - Mozambique	50	—	50	50	—	50
Banco CTT, S.A. ("BancoCTT")	Portugal	Building Atrium Saldanha 1 Floor 3 1050 -094 Lisbon	100	—	100	100	—	100
Fundo Inovação TechTree ("TechTree")	Portugal	Av Conselheiro Fernando de Sousa, 19 13º Left 1070-072 Lisbon	60	40	100	60	40	100
321 Crédito - Instituição Financeira de Crédito, S.A. ("321 Crédito")	Portugal	Avenida da Boavista, Nr 772, 1.º, Boavista Prime Bulding 4100-111 Oporto	—	100	100	—	100	100
NewSpring Services, S.A. ("NSS")	Portugal	Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon	—	100	100	—	100	100
CTT IMO - Sociedade Imobiliária, S.A. ("CTTi")	Portugal	Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon	100	—	100	100	—	100
Open Lockers, S.A. ("Lock")	Portugal	Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon	—	66	66	—	66	66
MedSpring, S.A. ("MEDS")	Portugal	Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon	—	100	100	—	100	100
CTT Services, S.A. ("Serv")	Portugal	Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon	—	100	100	—	100	100
CTT Imo Yield, S.A. ("IMOY")	Portugal	Avenida dos Combatentes Nr. 43, 14º Floor 1643-001 Lisbon	100	—	100	100	—	100

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

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

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

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

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

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

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

As part of a corporate reorganisation in the Group, on 8 July 2022 the Board of Directors of Banco CTT approved the sale of its subsidiary Payshop Portugal, and its terms, to CTT. As of 31 December 2022, at the level of Banco CTT's individual and consolidated accounts, Payshop's assets and liabilities were classified as discontinued assets and liabilities. This reclassification did not, however, have an impact on the consolidated accounts of CTT Group. The completion of this operation was dependent on the regulator's non-opposition, a fact that occurred on 7 July 2023. The transfer of shares occurred 11 on August 2023. The sale of the investment in Payshop to CTT will allow synergies to be captured with the remaining areas of CTT, namely product areas, commercial forces (B2B and store networks, outlets and agents), as well as full integration into the Group's strategy of a comprehensive value proposition for e-commerce and business solutions. The sale of Payshop investment by Banco CTT to CTT was carried out based on its equity book value and had no impact on the Group consolidated accounts.

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

On 31 October 2022, CTT established the subsidiary CTT IMO Yield, S.A.. The business purpose of this company is the leasing and management of real estate, as well as the purchase and sale of real estate. As disclosed in note 28, this company was incorporated with the purpose of owning and managing CTT's real estate yield portfolio and will essentially comprise (1) properties associated with CTT's retail network and (2) warehouses and logistics centres and delivery offices of CTT's operational network in Portugal.

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

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

Joint ventures

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

Company name	Place of business	Head office	31.12.2022			30.09.2023		
			Percentage of ownership			Percentage of ownership		
			Direct	Indirect	Total	Direct	Indirect	Total
NewPost, ACE	Portugal	Av. Fontes Pereira de Melo, 40 Lisbon	49	—	49	49	—	49
PTP & F, ACE	Portugal	Estrada Casal do Canas Amadora	51	—	51	51	—	51
Wolfspring, ACE	Portugal	Urbanização do Passil, nr 100- A 2890-1852 Alcochete	—	50	50	—	50	50

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

Associated companies

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

Company name	Place of business	Head office	31.12.2022			30.09.2023		
			Percentage of ownership			Percentage of ownership		
			Direct	Indirect	Total	Direct	Indirect	Total
Mafelosa, SL (a)	Spain	Castellon - Spain	—	25	25	—	25	25
Urpacsur, SL (a)	Spain	Málaga - Spain	—	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 Mensajeria, SLU), which currently has no activity.

Structured entities

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

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

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

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

The credit securitisation operation Ulisses No1, originated by 321 Crédito in 2017, included a consumer credit portfolio amounting to 141.2 million euros. The operation included a clean-up call option clause that could be exercised by the originator when the securitised portfolio dropped below 10% of the initial amount, i.e., 14.1 million euros. This occurred after the IPD ("interest payment date") of June 2023, with

the clean-up call being exercised at the IPD of July 2023, with the Company reacquiring the entire securitised portfolio, closing the operation.

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

	31.12.2022	30.09.2023
Cash and cash equivalents	22,640,074	23,579,860
Financial assets at fair value through profit and loss (Derivatives)	26,219,905	24,153,973
Financial assets at amortised cost (Loans and advances to customers - Credit cards) - Note 10	353,815,583	285,866,224
Financial assets at amortised cost (Loans and advances to customers - Other credits)	(40,672,436)	(31,568,074)
Financial assets at amortised cost (Debt securities)	(319,776,400)	(264,143,103)

Changes in the consolidation perimeter

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

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

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

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

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

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

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

- **Intangible Assets:** The intangible assets are related to the portfolio of customer contracts acquired as part of the NewSpring Services share acquisition transaction. These contracts were measured at fair value on the acquisition date in accordance with the requirements of IFRS 3 and IFRS 13. The fair value was estimated as the discounted value of expected future cash-flows of the acquired contracts, considering the term and their time value.
- **Deferred tax liabilities:** The estimated value for PPA purposes is related to the amount of deferred taxes resulting from differences between the fair value and the net book value of intangible assets related to customer contracts.

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

During nine-months period ended 30 September 2023, the credit securitisation operation Ulisses nº1 was terminated due to the exercise of an early settlement option clause (clean-up call). There were no other changes to the consolidation perimeter.

8. Debt securities

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

	31.12.2022	30.09.2023
Non-current		
Financial assets at amortised cost		
Government bonds	409,510,672	388,885,626
Impairment	(121,927)	(72,118)
	409,388,745	388,813,508
Current		
Financial assets at amortised cost		
Government bonds	128,401,573	52,190,200
Bonds issued by other entities	—	18,659,069
Impairment	(9,674)	(12,633)
	128,391,899	70,836,636
	537,780,644	459,650,144

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

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

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

	31.12.2022						Total
	Current			Non-current			
	Due within 3 months	Over 3 months and less than 1 year	Total	Over 1 year and less than 3 years	Over 3 years	Total	
Financial assets at amortised cost							
Government bonds							
National	3,011,149	17,990,243	21,001,392	38,028,368	162,664,338	200,692,705	221,694,097
Foreign	1,461,711	105,938,471	107,400,181	10,027,009	198,790,957	208,817,967	316,218,148
	4,472,860	123,928,714	128,401,573	48,055,377	361,455,295	409,510,672	537,912,245

	30.09.2023						Total
	Current			Non-current			
	Due within 3 months	Over 3 months and less than 1 year	Total	Over 1 year and less than 3 years	Over 3 years	Total	
Financial assets at amortised cost							
Government bonds							
National	21,121,867	23,690,882	44,812,749	37,261,407	143,767,770	181,029,177	225,841,926
Foreign	7,377,451	—	7,377,451	10,020,135	197,836,314	207,856,449	215,233,900
Bonds issued by other entities							
National	18,659,069	—	18,659,069	—	—	—	18,659,069
	47,158,387	23,690,882	70,849,269	47,281,542	341,604,083	388,885,626	459,734,895

Fair Value

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

The fair value of debt securities at amortised cost, on 30 September 2023, amounted to 407,937 thousand euros (a negative difference of 51,713 thousand euros in relation to its book value).

Impairment losses

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

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

	30.09.2023					
	Opening balance	Increases	Reversals	Utilisations	Transfers	Closing balance
Non-current assets						
Financial assets at amortised cost	121,927	9,789	(49,657)	—	(9,942)	72,118
	121,927	9,789	(49,657)	—	(9,942)	72,118
Current assets						
Financial assets at amortised cost	9,674	1,715	(8,698)	—	9,942	12,633
	9,674	1,715	(8,698)	—	9,942	12,633
Financial assets at amortised cost	131,602	11,504	(58,355)	—	—	84,751
	131,602	11,504	(58,355)	—	—	84,751

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

	31.12.2022	30.09.2023
	Stage 1	Stage 1
Opening balance	3,194	—
Change in period:		
Derecognised financial assets excluding write-offs	(3,194)	—
Impairment - Financial assets at fair value through other comprehensive income	—	—

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

	31.12.2022	30.09.2023
	Stage 1	Stage 1
Opening balance	3,194	—
Change in period:		
ECL income statement change for the period	(3,194)	—
Impairment - Financial assets at fair value through other comprehensive income	—	—

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

	31.12.2022	30.09.2023
	Stage 1	Stage 1
Opening balance	120,505	131,602
Change in period:		
Increases due to origination and acquisition	26,972	11,129
Changes due to change in credit risk	(7,324)	(54,455)
Derecognised financial assets excluding write-offs	(8,552)	(3,525)
Impairment - Financial assets at amortised cost	131,602	84,751

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

	31.12.2022	30.09.2023
	Stage 1	Stage 1
Opening balance	120,505	131,602
Change in period:		
ECL income statement change for the period	11,097	(46,851)
Impairment - Financial assets at amortised cost	131,602	84,751

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

9. Other banking financial assets and liabilities

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

	31.12.2022	30.09.2023
Non-current assets		
Loans to credit institutions	961,721	—
Impairment	(274)	—
	961,446	—
Current assets		
Investments in central banks	450,250,022	908,248,788
Investments in credit institutions	4,700,523	11,219,949
Loans to credit institutions	4,277,698	2,013,581
Impairment	(1,394)	(1,891)
Other	3,805,177	6,493,925
Impairment	(1,805,945)	(1,816,409)
	461,226,081	926,157,942
	462,187,528	926,157,942
Current liabilities		
Other	46,210,667	42,892,514
	46,210,667	42,892,514

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

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

	31.12.2022	30.09.2023
Up to 3 months	455,572,501	920,520,652
From 3 to 12 months	3,655,742	961,665
From 1 to 3 years	961,721	—
	460,189,964	921,482,318

The caption "Investments in credit institutions" showed an annual average return of 2.173% (31 December 2022: 1.314%).

The amount of 908,248,788 Euros recorded in investments in central banks corresponds to overnight deposits with the Bank of Portugal remunerated at a rate of 4.00%. The increase in the balance compared to the previous period is related to the raising of funds from customers during the first nine-months of 2023.

Impairment

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

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

	30.09.2023					Closing balance
	Opening balance	Increases	Reversals	Utilisations	Transfers	
Non-current assets						
Investments and loans in credit institutions	274	—	—	—	(274)	—
	274	—	—	—	(274)	—
Current assets						
Investments and loans in credit institutions	1,394	1,749	(1,527)	—	274	1,891
Other	1,805,945	19,447	(8,982)	—	—	1,816,409
	1,807,339	21,196	(10,509)	—	274	1,818,300
	1,807,614	21,196	(10,509)	—	—	1,818,300

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

	31.12.2022	30.09.2023
	Stage 1	Stage 1
Opening balance	3,906	1,669
Change in period:		
Increases due to origination and acquisition	852	1,749
Changes due to change in credit risk	(892)	(384)
Decrease due to derecognition repayments and disposals	(2,197)	(1,143)
Impairment	1,669	1,891

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

	31.12.2022	30.09.2023
	Stage 1	Stage 1
Opening balance	3,906	1,669
Change in period:		
ECL income statement change for the period	(2,237)	222
Impairment	1,669	1,891

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

10. Credit to banking clients

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

	31.12.2022	30.09.2023
Performing loans	1,808,576,514	1,874,982,879
Mortgage Loans	659,528,828	705,656,889
Auto Loans	780,322,145	858,872,402
Credit Cards	364,276,261	305,468,432
Leasings	3,098,317	2,051,888
Overdrafts	1,350,964	2,933,268
Overdue loans	23,724,664	33,294,963
Overdue loans - less than 90 days	1,407,206	1,555,131
Overdue loans - more than 90 days	22,317,458	31,739,832
	1,832,301,179	1,908,277,842
Credit risk impairment	(54,736,167)	(72,994,738)
	1,777,565,012	1,835,283,104

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

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

	30.09.2023								
	Current					Non-current			
	At sight	Due within 3 months	>3 months - < 1 year	Overdue Loans	Total	> 1 year - > 3 years	Over 3 years	Total	Total
Mortgage loans	—	4,377,929	8,975,696	25,787	13,379,411	25,616,112	666,687,152	692,303,264	705,682,675
Auto Loans	—	34,147,207	92,664,470	21,098,389	147,910,066	239,982,868	492,077,857	732,060,725	879,970,791
Credit Cards	—	305,468,432	—	10,489,199	315,957,631	—	—	—	315,957,631
Leasings	—	222,595	531,886	132,581	887,062	817,859	479,548	1,297,407	2,184,469
Overdrafts	2,933,268	—	—	1,549,008	4,482,275	—	—	—	4,482,275
	2,933,268	344,216,163	102,172,052	33,294,963	482,616,446	266,416,839	1,159,244,557	1,425,661,396	1,908,277,842

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

On 31 December 2022, the Group, through its subsidiary Banco CTT, and Universo, IME, reviewed the terms of the Partnership Agreement in the area of financial services, communicated to the market on 1 April 2021. In this context, Banco CTT and Universo agreed on the terms for the termination of the Agreement with a view to ending the partnership by December 2023. Notwithstanding this agreement,

the conditions provided for in IFRS 10 for recognition of the credit card portfolio credit in the Group's financial statements continue to be verified on 31 December 2022 and 30 September 2023. Under this agreement, Banco CTT will be entitled to compensation of 2,000 thousand euros.

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

	31.12.2022	30.09.2023
Fixed rate	1,147,499,141	1,269,683,221
Floating rate	684,802,038	638,594,621
	1,832,301,179	1,908,277,842
Credit risk impairment	(54,736,167)	(72,994,738)
	1,777,565,012	1,835,283,104

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

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

	30.09.2023				
	Performing Loans	Overdue Loans	Gross amount	Impairment	Net amount
Asset-backed Loans	707,739,314	121,517	707,860,831	(1,148,632)	706,712,199
Other guaranteed Loans	837,557,776	5,591,390	843,149,166	(27,944,839)	815,204,327
Unsecured Loans	329,685,789	27,582,056	357,267,845	(43,901,268)	313,366,577
	1,874,982,879	33,294,963	1,908,277,842	(72,994,738)	1,835,283,104

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

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

	30.09.2023				
	Performing Loans	Overdue Loans	Gross amount	Impairment	Net amount
Mortgage Loans	705,656,889	25,787	705,682,675	(1,042,933)	704,639,743
Auto Loans	858,872,402	21,098,389	879,970,791	(40,569,417)	839,401,374
Credit Cards	305,468,432	10,489,199	315,957,631	(30,091,407)	285,866,224
Leasings	2,051,888	132,581	2,184,469	(63,676)	2,120,793
Overdrafts	2,933,268	1,549,008	4,482,275	(1,227,305)	3,254,971
	1,874,982,879	33,294,963	1,908,277,842	(72,994,738)	1,835,283,104

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

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

	30.09.2023				
	Performing Loans	Overdue Loans	Gross amount	Impairment	Net amount
Companies	91,354,466	2,373,422	93,727,888	(3,919,099)	89,808,789
Agriculture, forestry and fishing	12,627,076	212,814	12,839,890	(557,059)	12,282,830
Mining and quarrying	1,477,863	2,844	1,480,707	(38,598)	1,442,109
Manufacturing	7,082,735	194,448	7,277,183	(298,797)	6,978,386
Electricity, gas, steam and air conditioning supply	8,594	—	8,594	(36)	8,558
Water supply	97,643	—	97,643	(384)	97,259
Construction	16,258,271	567,700	16,825,971	(819,422)	16,006,550
Wholesale and retail trade	12,862,735	280,916	13,143,650	(425,837)	12,717,813
Transport and storage	10,701,944	332,928	11,034,871	(485,254)	10,549,617
Accommodation and food service activities	6,701,713	117,853	6,819,566	(298,977)	6,520,589
Information and communication	1,088,148	3,508	1,091,656	(21,140)	1,070,516
Financial and insurance activities	377,167	32,441	409,608	(24,429)	385,179
Real estate activities	1,967,106	43,508	2,010,614	(45,700)	1,964,914
Professional, scientific and technical activities	2,545,726	49,679	2,595,404	(99,799)	2,495,605
Administrative and support service activities	4,529,562	240,414	4,769,976	(296,610)	4,473,366
Public administration and defence, compulsory social security	87,590	—	87,590	(369)	87,220
Education	820,577	12,967	833,544	(14,169)	819,374
Human health services and social work activities	1,700,722	20,889	1,721,611	(35,616)	1,685,995
Arts, entertainment and recreation	1,581,292	147,558	1,728,849	(112,971)	1,615,878
Other services	8,838,002	112,956	8,950,958	(343,929)	8,607,029
Individuals	1,783,628,413	30,921,541	1,814,549,954	(69,075,639)	1,745,474,315
Mortgage Loans	705,741,614	25,787	705,767,401	(1,044,624)	704,722,777
Consumer Loans	1,077,886,799	30,895,754	1,108,782,553	(68,031,015)	1,040,751,538
	1,874,982,879	33,294,963	1,908,277,842	(72,994,738)	1,835,283,104

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

	31.12.2022	30.09.2023
Stage 1	1,660,385,770	1,692,316,505
Gross amount	1,667,898,411	1,696,957,336
Impairment	(7,512,642)	(4,640,831)
Stage 2	82,154,887	104,413,670
Gross amount	89,109,896	111,956,378
Impairment	(6,955,009)	(7,542,708)
Stage 3	35,024,355	38,552,928
Gross amount	75,292,871	99,364,128
Impairment	(40,268,516)	(60,811,199)
	1,777,565,012	1,835,283,104

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

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

	31.12.2022	30.09.2023
Amount of future minimum payments	3,548,810	2,503,903
Interest not yet due	(450,493)	(452,015)
Present value	3,098,317	2,051,888

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

	31.12.2022	30.09.2023
Due within 1 year	1,580,023	1,208,051
Due between 1 to 5 years	1,632,323	1,000,206
Over 5 years	336,463	295,646
Amount of future minimum payments	3,548,810	2,503,903

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

	31.12.2022	30.09.2023
Individuals	403,140	278,876
Home	83,393	76,704
Others	319,747	202,172
Companies	2,695,176	1,773,011
Equipment	178,712	164,434
Real Estate	2,516,465	1,608,578
	3,098,317	2,051,888

Fair Value

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

The "Credit to banking clients" fair value, on 30 September 2023, amounted to 1,810,068 thousand euros (a negative difference of 25,215 thousand euros in relation to its book value).

Impairment losses

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

	31.12.2022						
	Opening balance	Increases	Reversals	Utilisations	Transfers	Other adjustments	Closing balance
Non-current assets							
Credit to banking clients	15,601,705	17,177,617	(7,208,624)	(569,135)	(3,063,025)	136,426	22,074,965
	15,601,705	17,177,617	(7,208,624)	(569,135)	(3,063,025)	136,426	22,074,965
Current assets							
Credit to banking clients	15,488,685	25,415,289	(10,665,581)	(842,068)	3,063,025	201,852	32,661,202
	15,488,685	25,415,289	(10,665,581)	(842,068)	3,063,025	201,852	32,661,202
	31,090,390	42,592,906	(17,874,205)	(1,411,203)	—	338,278	54,736,167

	30.09.2023						
	Opening balance	Increases	Reversals	Utilisations	Transfers	Other adjustments	Closing balance
Non-current assets							
Credit to banking clients	22,074,965	12,523,014	(6,578,810)	(37,615)	(4,118,523)	83,214	23,946,245
	22,074,965	12,523,014	(6,578,810)	(37,615)	(4,118,523)	83,214	23,946,245
Current assets							
Credit to banking clients	32,661,202	25,650,576	(13,475,211)	(77,046)	4,118,523	170,448	49,048,493
	32,661,202	25,650,576	(13,475,211)	(77,046)	4,118,523	170,448	49,048,493
	54,736,167	38,173,591	(20,054,020)	(114,662)	—	253,662	72,994,738

The impairment losses of Credit to banking clients (net of reversals) for the period ended 30 September 2023 amounted to 18,119,571 Euros (17,103,076 Euros as at 30 September 2022) was booked in the caption "Impairment of other financial banking assets."

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

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

	30.09.2023			
	Stage 1	Stage 2	Stage 3	Total
Opening balance	7,512,642	6,955,009	40,268,516	54,736,167
Change in period:				
Increases due to origination and acquisition	917,045	651,583	351,430	1,920,058
Changes due to change in credit risk	(4,449,056)	1,424,782	21,689,340	18,665,066
Decrease due to derecognition repayments and disposals	(612,640)	(237,155)	(1,615,759)	(2,465,554)
Write-offs	—	—	(114,662)	(114,662)
Transfers to:				
Stage 1	2,169,433	(1,313,390)	(856,043)	—
Stage 2	(707,794)	2,688,905	(1,981,111)	—
Stage 3	(196,597)	(2,645,265)	2,841,861	—
Foreign exchange and other	7,798	18,238	227,626	253,662
Impairment	4,640,831	7,542,708	60,811,199	72,994,738
<i>Of which: POCI</i>	—	—	930,740	930,740

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

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

	30.09.2023			Total
	Stage 1	Stage 2	Stage 3	
Opening balance	7,512,642	6,955,009	40,268,516	54,736,167
Change in period:				
ECL income statement change for the period	(4,144,651)	1,839,210	20,425,012	18,119,571
Stage transfers (net)	1,265,043	(1,269,750)	4,707	—
Write-offs	—	—	(114,662)	(114,662)
Foreign exchange and other	7,798	18,238	227,626	253,662
Impairment	4,640,831	7,542,708	60,811,199	72,994,738

Sensitivity Analysis

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

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

In this context, a sensitivity analysis was carried out to determine what would be the impairment of the global portfolio if those parameters suffered a relative deterioration of 10%, conclude that the increase in impairment would be 2,549 thousand euros, corresponding to about 3.5%.

11. Prepayments

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

	31.12.2022	30.09.2023
Deferred Assets		
Current		
Rents payable	861,806	530,063
Meal allowances	1,360,349	1,320,186
Other	6,789,720	10,538,919
	9,011,875	12,389,168
Deferred Liabilities		
Non-current		
Investment subsidy	260,886	571,444
	260,886	571,444
Current		
Investment subsidy	11,201	11,201
Contractual liabilities	1,165,324	1,865,536
Other	2,501,616	3,738,361
	3,678,140	5,615,097
	3,939,027	6,186,541

The change in the caption “Other deferred assets” 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 recognised as revenue because the performance obligations have not yet been met as recommended by the standard.

The “Contractual liabilities” essentially refer to amounts related to stamps and prepaid postage of priority mail in the amount of 1,035,627 Euros (877,484 Euros on 31 December 2022), whose revenue is expected to be recognised in October 2023 (estimate of 80% of the item's value) and the remaining during 2023, and to objects invoiced and not delivered on 30 September 2023 in the express segment, in the amount of 829,908 Euros (287,840 Euros as at 31 December 2022), whose revenue is recognised upon delivery in the following month.

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

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

12. Cash and cash equivalents

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

	31.12.2022	30.09.2023
Cash	71,794,674	86,853,006
Sight deposits	160,127,945	71,209,785
Deposits at Central Banks	38,636,396	26,137,145
Deposits at other credit institutions	59,140,984	45,627,040
Term deposits	126,769,299	41,194,808
Cash and cash equivalents (Statement of financial position)	456,469,298	271,021,783
Sight deposits at Banco de Portugal	(23,185,900)	(25,651,700)
Checks for collection / Checks clearing	(22,492,340)	(7,817,209)
Impairment of Sight and term deposits	7,917	11,490
Cash and cash equivalents (Cash flow statement)	410,798,975	237,564,365

The caption “Sight deposits at Bank of Portugal” includes mandatory deposits in order to meet the legal requirements to maintain a minimum cash reserve in accordance with the provisions of Regulation (EU) No. 1358/2011 of European Central Bank of 14 December 2011, which states that the minimum cash requirements kept as demand deposits at Bank of Portugal amounts to 1% of the average amount of deposits and other liabilities, over each reserve maintenance period. As at 30 September 2023, the daily average of the minimum mandatory availability for the period in force was 25,651,700 Euros.

Therefore, the item Demand deposits at Bank of Portugal includes, as at 30 September 2023, a total amount of demand deposits of 26,137,145 Euros (31 December 2022: 38,636,396 Euros).

The Eurozone banks are required to hold a certain amount of funds in their current accounts with the national central bank. These funds are called “mandatory minimum reserves”. The amount of funds to be held as minimum reserves is calculated based on banks' balance sheets before the start of each maintenance period. Currently, banks are obliged to hold, at their respective national central bank, a minimum of 1% of specific liabilities, mainly customer deposits of up to 2 years.

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

main refinancing operations. It was then reduced to reflect the deposit facility rate, and in July 2023 it was set at 0%.

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

Impairment

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

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

30.09.2023					
Group	Opening balance	Increases	Reversals	Utilisations	Closing balance
Sight and term deposits	7,917	7,034	(3,461)	—	11,490
	7,917	7,034	(3,461)	—	11,490

The Impairment losses (increases net of reversals) for the period ended 30 September 2023 in the amount of 3,573 Euros ((19,341) Euros as at 30 September 2022) were recorded under the caption “Impairment of accounts receivable (losses/reversals)”.

13. Accumulated impairment losses

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

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

Group	30.09.2023						Closing balance
	Opening balance	Increases	Reversals	Utilisations	Transfers	Other movements	
Non-current assets							
Tangible fixed assets	3,652,127	5,176,860	(4,544,313)	—	—	—	4,284,674
Investment properties	253,182	—	—	—	—	—	253,182
Intangible assets	—	—	—	—	—	—	—
	3,905,309	5,176,860	(4,544,313)	—	—	—	4,537,855
Debt securities at amortised cost	121,927	9,789	(49,657)	—	(9,942)	—	72,118
Other non-current assets	2,906,847	6,458	(1,841,299)	—	(66,039)	—	1,005,966
Credit to banking clients	22,074,965	12,523,014	(6,578,810)	(37,615)	(4,118,523)	83,214	23,946,245
Other banking financial assets	274	—	—	—	(274)	—	—
	25,104,013	12,539,261	(8,469,765)	(37,615)	(4,194,779)	83,214	25,024,329
	29,009,322	17,716,121	(13,014,078)	(37,615)	(4,194,779)	83,214	29,562,184
Current assets							
Accounts receivable	41,409,047	2,619,887	(965,164)	(517,623)	—	(149)	42,545,998
Credit to banking clients	32,661,202	25,650,576	(13,475,211)	(77,046)	4,118,522	170,449	49,048,493
Debt securities at amortised cost	9,674	1,715	(8,698)	—	9,942	—	12,632
Other current assets	11,547,796	708,492	(126,309)	(102,017)	66,039	—	12,094,001
Other banking financial assets	1,807,339	21,196	(10,509)	—	274	—	1,818,300
Sight and term deposits	7,917	7,034	(3,461)	—	—	—	11,490
	87,442,978	29,008,900	(14,589,352)	(696,686)	4,194,778	170,300	105,530,918
Non-current assets held for sale	638	—	—	—	—	—	638
	638	—	—	—	—	—	638
Merchandise	2,747,401	—	(188,455)	(75,256)	—	—	2,483,690
Raw, subsidiary and consumable	922,313	68,977	—	—	—	—	991,290
	3,669,714	68,977	(188,455)	(75,256)	—	—	3,474,981
	91,113,329	29,077,877	(14,777,806)	(771,942)	4,194,778	170,300	109,006,535
	120,122,649	46,793,998	(27,791,885)	(809,557)	—	253,514	138,568,719

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

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

As of 30 September 2023, the reversal amount of other non-current assets essentially relates to a review of the methodology and assumptions used in estimating the impairment of long-term debts receivable related to the Health Plan.

14. Equity

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

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

Subsequently, at the Annual General Meeting held on 20 April 2023 and also within the scope of the share buyback program mentioned above, the share capital reduction of 717,500 Euros was approved. On 21 April 2023, the capital reduction of the aforementioned amount was registered in the Commercial

Register, through the extinction of 1,435,000 shares representing 0.997% of the share capital of CTT acquired.

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

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

31.12.2022

Shareholders		No. of shares	% Share capital	Nominal Value
Global Portfolio Investments, S.L. (1)		21,787,696	14.990 %	10,893,848
Indumenta Pueri, S.L. (1)	Total	21,787,696	14.990 %	10,893,848
Manuel Champalimaud, SGPS, S.A. (2)		19,261,815	13.252 %	9,630,908
Manuel Carlos de Melo Champalimaud		500,185	0.344 %	250,093
Manuel Carlos de Melo Champalimaud (2)	Total	19,762,000	13.596 %	9,881,000
GreenWood Builders Fund I, LP (3)		10,025,000	6.897 %	5,012,500
GreenWood Investors LLC(3)	Total	10,025,000	6.897 %	5,012,500
Green Frog Investments Inc	Total	7,730,000	5.318 %	3,865,000
Norges Bank	Total	3,105,287	2.136 %	1,552,644
Bestinver Gestión S.A. SGIC (4)	Total	3,024,366	2.081 %	1,512,183
CTT, S.A. (own shares) (5)	Total	2,935,000	2.019 %	1,467,500
Other shareholders	Total	76,980,651	52.962 %	38,490,326
TOTAL		145,350,000	100.000 %	72,675,000

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

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

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

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

30.09.2023

Shareholders	No. of shares	% Share capital	Nominal Value
Global Portfolio Investments, S.L. (1)	21,580,000	14.995 %	10,790,000
Indumenta Pueri, S.L. (1)	Total	14.995 %	10,790,000
Manuel Champalimaud, SGPS, S.A. (2)	19,261,815	13.384 %	9,630,908
Manuel Carlos de Melo Champalimaud	500,185	0.348 %	250,093
Manuel Carlos de Melo Champalimaud (2)	Total	13.732 %	9,881,000
GreenWood Builders Fund I, LP (3)	9,762,000	6.783 %	4,881,000
GreenWood Investors LLC(3)	Total	6.794 %	4,888,700
Green Frog Investments Inc	Total	5.371 %	3,865,000
CTT, S.A. (own shares)	Total	1.898 %	1,365,409
Other shareholders	Total	57.211 %	41,167,391
TOTAL	143,915,000	100.000 %	71,957,500

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

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

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

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

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

Own shares

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

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

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

	Quantity	Amount	Average Price
Balance 31 December 2022	2,935,000	10,826,390	3.69
Acquisitions	1,352,686	4,661,617	3.45
Cancellation (due to share capital reduction)	(1,435,000)	(5,293,313.2)	3.69
Shares Delivery - Long-term variable remuneration ("LTVR")	(121,868)	(449,537)	3.69
Balance 30 September 2023	2,730,818	9,745,158	3.57

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

Thus, at the General Meeting held on 21 April 2022, the share capital reduction of up to 2,325,000 Euros was approved, with the purpose of releasing the excess of share capital, through the extinction of up to 4,650,000 shares representing up to 3.1% of the share capital already acquired or that were to be acquired within the scope of a share buyback programme. The maximum monetary amount of the approved Buyback Programme was 18,000,000 Euros.

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

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

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

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

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

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

the aforementioned amount was registered in the Commercial Register, through the extinction of 1,435,000 shares representing 0.997% of the share capital of CTT acquired.

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

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

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

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

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

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

As at 30 September 2023, the Company held an accumulated amount of 2,730,818 own shares, representing 1.898% of the share capital, with par value of 0.50 Euros, with all inherent rights related to suspended shares, with the exception of those relating to the receipt of new shares in the case of capital increase by incorporation of reserves, as provided for in article 324(1)(a)) of the Commercial Companies Code.

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

Reserves

As at 31 December 2022 and 30 September 2023, the caption "Reserves" showed the following composition

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

	30.09.2023				
	Legal reserves	Own shares reserves	Fair Value reserves	Other reserves	Total
Opening balance	15,000,000	10,826,390	—	28,017,666	53,844,056
Share Capital decrease	—	(5,293,313)	—	717,500	(4,575,813)
Own shares acquisition	—	4,661,617	—	(4,661,617)	—
Own shares attribution	—	(449,537)	—	449,537	—
Share Plan (share delivery)	—	—	—	(1,155,000)	(1,155,000)
Saldo final	15,000,000	9,745,158	—	23,368,086	48,113,244

Legal reserves

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

Own shares reserve

The commercial legislation Code obliges, within the scope of the own shares regime provided in article 324, the existence of a reserve equal to the amount for which the shares are accounted for, which becomes unavailable as long as these shares remain in the company's possession. Additionally, applicable accounting standards determine that gains or losses on the sale of own shares are booked in reserves.

As at 30 September 2023, this caption includes the amount of 9,745,158 Euros related to the creation of an unavailable reserve for the same amount of the acquisition price of the own shares held.

Other reserves

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

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

Retained earnings

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

	31.12.2022	30.09.2023
Opening balance	43,904,074	64,647,067
Application of the net profit of the prior year	38,404,113	36,406,519
Distribution of dividends (note 16)	(17,656,441)	(17,817,109)
Adjustments from the application of the equity method	(4,678)	1,771
Closing balance	64,647,067	83,238,248

Other changes in equity

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

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

	31.12.2022	30.09.2023
Opening balance	(43,998,612)	6,857,207
Actuarial gains/losses	70,558,124	—
Tax effect (Note 26)	(19,702,304)	—
Share Plan (share delivery) (Note 24)	—	705,463
Closing balance	6,857,207	7,562,670

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

16. Dividends

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

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

17. Earnings per share

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

Group	30.09.2022	30.09.2023
Net income for the period	28,305,860	35,527,387
Average number of ordinary shares	147,866,221	142,252,556
Earnings per share		
Basic	0.19	0.25
Diluted	0.19	0.25

The average number of shares is detailed as follows:

	30.09.2022	30.09.2023
Shares issued at beginning of the period	150,000,000	145,350,000
Effect of extinction of shares during the period	—	(856,795)
Average number of actions taken	150,000,000	144,493,205
Own shares effect	2,133,779	2,240,649
Average number of shares during the period	147,866,221	142,252,556

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 September 2023, the number of own shares held is 2,730,818 and its average number for the period ended 30 September 2023 is 2,240,649, reflecting the fact that there were not only acquisitions, but also the extinction of own shares in that period, as mentioned in note 15.

There are no dilutive factors of earnings per share.

18. Debt

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

	31.12.2022	30.09.2023
Non-current liabilities		
Bank loans	40,706,101	33,453,514
Commercial Paper	—	34,939,397
Lease liabilities	95,491,822	86,748,218
	136,197,923	155,141,128
Current liabilities		
Bank loans	29,372,066	22,688,560
Commercial Paper	—	(12,403)
Lease liabilities	30,384,677	27,672,711
	59,756,744	50,348,867
	195,954,667	205,489,995

As at 30 September 2023, the interest rates applied to bank loans were between 5.125% and 6.000% (31 December 2022: 3.693% and 4.568%).

Bank loans and Commercial Paper

As at 31 December 2022 and 30 September 2023, the details of the bank loans were as follows:

	31.12.2022			30.09.2023		
	Limit	Amount used		Limit	Amount used	
		Current	Non-current		Current	Non-current
Bank loans						
Millennium BCP	12,350,926	8,106,120	778,704	11,250,000	8,152,872	537,037
BBVA / Bankinter	33,250,000	14,136,880	18,944,129	26,125,000	7,070,527	18,927,847
Novo Banco	28,000,000	7,129,066	20,983,268	21,000,000	7,465,161	13,988,630
Commercial Paper						
BBVA / Bankinter	—	—	—	15,000,000	(9,172)	14,972,254
Novo Banco	—	—	—	20,000,000	(3,231)	19,967,143
	73,600,926	29,372,066	40,706,101	93,375,000	22,676,157	68,392,911

On 27 September 2017, a loan contract between CTT and BBVA and Bankinter was signed, for an initial period of 5 years and for a total amount of 90 million Euros, with the possibility of using the funds until September 2018. As no amount was used until the mentioned date, the contract was renegotiated on 27 September 2018, having the total amount been altered to 75 million Euros, while maintaining the one-year term for the use of the funds. Subsequently, due to the non-use of all the funds, the limit was reduced throughout the contract period. As at 30 September 2023, the referred used amount, net of commissions and added by the amount of interests to be paid in the following period corresponded to 25,998,374 Euros. By the Group decision, the remaining available amount will not be used.

On 22 April 2019, a simple credit agreement was signed between CTT and Novo Banco for a period of 60 months, with a grace period of two years, and may be extended for a period of 24 months, for a total amount of 35 million Euros. In subsequent periods, the limit was reduced due to non-use of all funds. As at 30 September 2023, the amount presented in the statement of financial position net of commissions and added by the amount of interests to be paid in the following period, in the total amount of 21,453,791 Euros.

As disclosed to the market on 7 March 2023, CTT contracted 35 million euros in bank loans in the form of commercial paper, indexed to sustainability goals, maturing in 2026, with two financial institutions - Novo Banco, S.A. and Banco Bilbao Vizcaya Argentaria S.A. - Portuguese Branch.

These bank loans are set within CTT's Sustainability Related Financing Reference Framework that was the subject of a Second Party Opinion disclosed by S&P Global Ratings. Therefore, the referred financing lines are indexed to the goal of reducing carbon emissions of CTT's activity (scopes 1, 2 and 3 emissions) by at least 30% by 2025 in relation to 2013, which is validated by the Science Based Targets initiative and aligned with the best practices of the sector.

As at 30 September 2023, the amount used presented in the statement of financial position, net of commissions and plus the amount of interest to be paid in the following period, amounts to 14,963,082 Euros in the case of BBVA/Bankinter and 19,963,912 Euros in Novo Banco. These commercial paper programmes are shown in non-current liabilities, since the Group's practice/expectation will be to use the contracts during their period of validity and having the right to roll-over these loans.

Bank loans obtained are subject to compliance with financial covenants, namely clauses of Cross default, Negative Pledge and Assets Disposal's limits. Additionally, the loans obtained also require compliance with ratios of Net Debt over EBITDA and financial autonomy. Compliance with financial covenants is regularly monitored by the Group and is measured by counterparties on an annual basis based on the Financial Statements as at 31 December. As at 31 December 2022, the Group is in compliance with financial covenants.

Lease Liabilities

The Group presents lease liabilities which future payments, undiscounted and discounted amounts presented in the financial position, are detailed as follows:

	31.12.2022	30.09.2023
Due within 1 year	33,738,178	30,509,095
Due between 1 to 5 years	64,061,159	57,857,045
Over 5 years	41,692,362	38,556,339
Total undiscounted lease liabilities	139,491,699	126,922,479
Current	30,384,677	27,613,430
Non-current	95,491,822	86,807,498
Lease liabilities included in the statement of financial position	125,876,499	114,420,928

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

	30.09.2022	30.09.2023
Lease liabilities interests (note 25)	2,409,098	2,638,493
Variable payments not included in the measurement of the lease liability	1,559,168	1,372,762

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

	30.09.2022	30.09.2023
Total of lease payments	(25,272,935)	(27,684,142)

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

Reconciliation of Changes in the responsibilities of Financing activities

The reconciliation of changes in the responsibilities of financing activities as at 31 December 2022 and 30 September 2023, is detailed as follows:

	31.12.2022	30.09.2023
Opening Balance	201,119,450	195,954,666
Movements without cash	44,304,863	18,373,997
<i>Contract changes</i>	40,529,793	13,443,375
<i>IFRS 16 Interests</i>	3,124,941	2,532,184
<i>Others</i>	650,129	2,398,438
Loans:		
Inflow	51,533	34,780,874
Outflow	(15,812,839)	(15,935,400)
Lease liabilities:		
Outflow	(33,708,342)	(27,684,142)
Closing balance	195,954,666	205,489,995

The amounts of payments and receivables from loans obtained in the period related to the commercial paper and cash-pooling programs are reported on a net basis, in accordance with paragraph 22 of IAS 7 - Statement of Cash Flows.

19. Provisions, Guarantees provided, Contingent liabilities and commitments

Provisions

For the year ended on 31 December 2022 and the nine-months period ended 30 September 2023 in order to face legal proceedings and other liabilities arising from past events the Group recognised provisions, which showed the following movement:

Group	31.12.2022						Closing balance
	Opening balance	Increases	Reversals	Utilisations	Transfers	Regularisations	
Litigations	2,834,799	1,516,656	(1,304,899)	(114,458)	213,598	—	3,145,696
Onerous	—	453,598	—	(293,450)	—	—	160,148
Other provisions	7,314,082	3,894,875	(4,819,453)	(155,924)	(213,598)	—	6,019,982
Commitments provisions	314,163	39,865	(229,571)	—	—	—	124,457
Sub-total - caption "Provisions (increases)/reversals"	10,463,043	5,904,994	(6,353,923)	(563,832)	—	—	9,450,283
Investments in subsidiary and associated companies	—	168,972	—	—	—	—	168,972
Restructuring	1,455,737	145,993	(50,000)	—	(1,250,000)	(102,344)	199,386
Other provisions	2,760,741	158,488	—	(105,603)	—	—	2,813,626
	14,679,520	6,378,447	(6,403,923)	(669,435)	(1,250,000)	(102,344)	12,632,267

Group	30.9.2023						Closing balance
	Opening balance	Increases	Reversals	Utilisations	Transfers	Regularisations	
Litigations	3,145,696	514,026	(586,810)	(109,910)	(9,082)	—	2,953,922
Onerous contracts	160,148	—	(75,162)	(84,986)	—	—	—
Other provisions	6,019,978	1,202,235	(39,425)	(401,152)	9,082	—	6,790,718
Commitments provisions	124,456	45,198	(40,326)	—	—	—	129,328
Sub-total - caption "Provisions (increases)/reversals"	9,450,279	1,761,459	(741,723)	(596,047)	—	—	9,873,968
Investments in subsidiary and associated companies	168,972	6,480	—	(175,452)	—	—	—
Restructuring	199,385	—	—	—	—	—	199,385
Other provisions	2,813,629	16,084	—	—	—	—	2,829,713
	12,632,265	1,784,023	(741,723)	(771,499)	—	—	12,903,067

The net amount between increases and reversals of provisions was recorded in the consolidated income statement under the caption Provisions, net and amounted to 2,596,850 Euros as at 30 September 2022 and 1,019,736 Euros as at 30 September 2023.

A provision should only be used for expenditures for which the provision was originally recognised, so the Group reverse the provision when it is no longer probable that an outflow of resources that incorporate future economic benefits will be necessary to settle the obligation.

Litigations

The provisions for litigations were set up to face the liabilities resulting from lawsuits brought against the Group and are estimated based on information from their lawyers as well as on the termination of the mentioned lawsuits. The final amount and the timing of the outflows regarding the provision for litigations depend on the outcome of the respective proceedings.

The reversal of the provision for litigations, in the amount of (1,304,899) Euros as at 31 December 2022 and (586,810) Euros as at 30 September 2023, essentially results from lawsuits whose decision, which was made known in the course of 2022 or 2023, respectively, proved to be favourable to the Group, or, not being favourable, resulted in the condemnation to pay amounts that proved to be lower than the estimated amounts (and reflected in this provision caption).

Other provisions

As at 31 December 2022, the amount of 3,780,356 Euros provisioned in previous years to cover possible contingencies related to labour litigation actions not included in the current court proceedings, related to remuneration differences that could be claimed by workers, was fully reversed, as it is understood that the probability of outflows associated with these contingencies is currently remote.

As at 30 September 2023, a provision is recognised in CTT Expresso branch in Spain to face the notification issued by the Spanish National Commission on Markets and Competition. This process was originated during the year 2016, based on the alleged contrary action to article 1 of the Law 15/2017 ("Law on Competition Defense") and article 101^o of the Treaty on the Functioning of the European Union ("TFUE"). This notification amounted to 3,148,845 Euros and, in previous years, has already been subject of an appeal to the Spanish Audiencia Nacional (National High Court). Regarding this matter, CTT Expresso branch in Spain submitted a formal request to the coercive measure suspension, and the request was accepted under the condition of a guarantee presentation – a procedure that was duly and timely adopted. During 2022, the Spanish Audiencia Nacional dismissed the appeal and ratified the fine of 3,148,845 Euros plus final and unappealable costs. Regarding this subject, the provision booked in previous years, which amounted to 1,400,000 Euros, was increased by 1,800,000 Euros, amounting at 31 December 2022, the amount of 3,200,000 Euros and results from the evaluation carried out by the Group's legal advisors. As at 30 September 2023, no relevant developments had occurred, with the provision remaining in the amount of 3,200,000 Euros.

The amount provisioned in 321 Crédito amounting to 907,150 Euros as at 30 September 2023 (907,030 Euros at 31 December 2022) mainly results from the management assessment regarding the possibility of materialising tax contingencies and other processes.

As at 30 September 2023, in addition to the previously mentioned situations, this caption also includes:

- the amount of 269,827 Euros to cover costs of dismantlement of tangible fixed assets and/or removal of facilities and restoration of the site;
- the amount of 664,872 Euros, which results from the assessment carried out by management regarding the possibility of materialising contingent amounts to be paid to third parties under the scope of contracts entered into;
- the amount of 309,007 Euros regarding the liability, recognised in the company CTT Expresso, with a labour legal proceeding;
- the amount of 2,041,750 Euros to cover costs of operational vehicles restoration;
- the amount of commitments for guarantees provided to third parties to cover promotional contests in the amount of 590,060 Euros.

Commitments provisions

Commitments provisions refer to provisions for indirect credit, amounting to 129,328 Euros in the period ended 30 September 2023 (31 December 2022: 124,457 Euros).

Restructuring

In June 2021, CTT approved an HR optimisation programme that included the launch of a Voluntary Leave Programme based on the conclusion of Suspension or Pre-Retirement Agreements. As at 31 December 2022, regarding the new agreements performed during 2022, an amount of 1,250,000 Euros was transferred to the caption employee benefits in the statement of financial position. As at 30 September 2023, there were no changes to the mentioned caption.

Guarantees provided

As at 31 December 2022 and 30 September 2023, the Group has provided bank guarantees to third parties as follows:

	31.12.2022	30.09.2023
Autoridade Tributária e Aduaneira (Portuguese Tax and Customs Authority)	4,389,246	4,339,246
Contencioso Administrativo da Audiência Nacional (National Audience Administrative Litigation) and CNMC - Comisión Nacional de los Mercados y la Competencia - Espanha (National Commission on Markets and Competition - Spain)	3,148,845	3,148,845
PLANINOVA - Soc. Imobiliária, S.A. (Real estate company)	2,033,582	2,033,582
LandSearch, Compra e Venda de Imóveis (Real estate company)	1,792,886	1,792,886
Fidelidade, Multicare, Cares - (Glintt BPO)	1,022,834	1,500,000
MARATHON (Closed investment fund)	810,435	810,435
AMBIMOBILIÁRIA- INVESTIMENTOS E NEGÓCIOS, S.A. (Real estate company)	480,000	480,000
Courts	339,230	339,230
EUROGOLD (Real estate company)	318,299	318,299
CIVILRIA (Real estate company)	224,305	224,305
Garantia KTP Packaging Solutions (Packaging Solutions Supplier)	—	211,740
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	74,998
EPAL - Empresa Portuguesa de Águas Livres (Multi-municipal System of Water Supply and Sanitation of the Lisbon Area)	68,895	68,895
INCM - Imprensa Nacional da Casa da Moeda (Portuguese Mint and Official Printing Office)	68,386	68,386
ANA - Aeroportos de Portugal (Airports of Portugal)	34,000	34,000
GNB Companhia de seguros vida SA (Insurance company)	25,000	—
Águas do Norte (Water Supply of the Northern Region)	23,804	23,804
Instituto de Gestão Financeira Segurança Social (Social Security Financial Management Institute)	21,557	21,557
EMEL, S.A. (Municipal company managing parking in Lisbon)	19,384	19,384
Serviços Intermunicipalizados Loures e Odivelas (Inter-municipal Services of Water Supply and Sanitation of the Loures and Odivelas Areas)	17,000	17,000
Direção Geral do Tesouro e Finanças (Directorate General of Treasury and Finance)	16,867	16,867
Alegro Alfragide	—	16,837
Portugal Telecom, S.A. (Telecommunication Company)	16,658	16,658
Refer (Public service for the management of the national railway network infrastructure)	16,460	16,460
Other entities	16,144	16,144
SMAS de Sintra (Services of Water Supply and Sanitation of the city of Sintra)	15,889	15,889
Repsol (Oil and Gas Company)	15,000	15,000
DOLCE VITA TEJO (Real State Company)	13,832	13,832
Águas do Porto, E.M (Services of Water Supply and Sanitation of the city of Porto)	10,720	10,720
ADRA - Águas da Região de Aveiro (Services of Water Supply and Sanitation of the city of Aveiro)	10,475	10,475
SMAS Torres Vedras (Services of Water Supply and Sanitation of the city of Torres Vedras)	9,910	9,910
ACT Autoridade Condições Trabalho (Authority for Working Conditions)	9,160	9,160
Consejería Salud (Local Health Service/Spain)	4,116	4,116
	15,635,616	16,218,980

Bank guarantees

As at 30 September 2023, the bank guarantees provided in favour of “Autoridade Tributária e Aduaneira” (Portuguese Tax and Customs Authority), in a global amount of 4,339,246 Euros, were essentially provided for the suspension of tax enforcement proceedings.

Guarantees for lease Contracts

According to the terms of some lease contracts of the buildings occupied by the Company’s services, the Portuguese State ceased to hold the majority of the share capital of CTT, bank guarantees on first demand had to be provided. These guarantees amount to 3,826,468 Euros as at 31 December 2022 and 30 September 2023.

CTT provided a bank guaranty, on behalf of CTT Expresso branch in Spain, to the Sixth Section of the National Audience Administrative Litigation and to the Spanish National Commission on Markets and Competition (“Comisión Nacional de los Mercados y la Competencia”) in the amount of 3,148,845 Euros, regarding the legal proceedings of CTT Expresso branch in Spain with the National Audience in Spain.

Commitments

As at 31 December 2022 and 30 September 2023, the Group subscribed promissory notes amounting to approximately 44.4 thousand Euros and 43.8 thousand Euros, respectively, intended to secure complete and timely compliance with a loan contract.

The Group engaged guarantee insurances in the total amount of 5,781,531 Euros(31 December 2022: 5,444,387 Euros), with the purpose of guaranteeing the fulfilment of contractual obligations assumed by third parties.

In addition, the Group also assumed commitments relating to real estate rents under lease contracts and rents for other leases.

The Group contractual commitments related to Tangible fixed assets and Intangible assets are detailed respectively in Notes 4 and 5.

20. Accounts payable

As at 31 December 2022 and 30 September 2023, the caption “Accounts payable” showed the following composition:

	31.12.2022	30.09.2023
Current		
Advances from customers	2,175,341	2,015,942
CNP money orders	—	98,572,894
Suppliers	97,417,126	93,475,540
Invoices pending confirmation	12,194,096	11,718,237
Fixed assets suppliers	4,900,077	1,605,219
Invoices pending confirmation (fixed assets)	6,495,524	2,038,202
Values collected on behalf of third parties	10,069,404	20,459,559
Postal financial services	360,890,497	92,780,216
Deposits	676,504	705,531
Charges	14,844,784	14,977,764
Compensations	1,105,808	1,103,192
Postal operators - amounts to be settled	680,423	921,279
Amounts to be settled to third parties	1,659,136	613,604
Amounts to be settled in stores	3,012,730	1,513,790
Other accounts payable	9,090,299	6,122,101
	525,211,751	348,623,071

CNP money orders

The amount of CNP money orders refers to the money orders received from the National Pensions Center (CNP), whose payment date to the corresponding pensioners will occur in the month after the closing of the period. The absence of a balance verified on 31 December 2022 is related to the fact that the IGFSS advance for the settlement of CNP money orders only occurred in the first days of January 2023.

Postal financial services

This 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 in this caption is explained mainly by a higher balance at the end of 2022, due to a significant flow in the subscription of savings certificates by consumers, driven by the increase in Euribor rates, and the consequent impact on the profitability of this product of investment.

21. Debt Securities issued at amortised cost

This caption showed the following composition:

	31.12.2022	30.09.2023
Non current liabilities		
Debt securities issued	445,226,206	373,665,453
	445,226,206	373,665,453
Current liabilities		
Debt securities issued	351,654	313,990
	351,654	313,990
	445,577,860	373,979,442

As at 31 December 2022 and 30 September 2023, the Debt securities issued are analysed as follows:

31.12.2022						
Issue	Issue date	Maturity date	Remuneration	Nominal value	Book value	
Ulisses Finance No.1 – Class B	July 2017	March 2033	Euribor 1M + 160 bps	4,233,007	4,237,732	
Ulisses Finance No.1 – Class C	July 2017	March 2033	Euribor 1M + 375 bps	7,100,000	7,113,012	
Ulisses Finance No.2 – Class A	September 2021	September 2038	Euribor 1M + 70 bps	189,826,075	191,350,779	
Ulisses Finance No.2 – Class B	September 2021	September 2038	Euribor 1M + 80 bps	9,318,904	9,315,433	
Ulisses Finance No.2 – Class C	September 2021	September 2038	Euribor 1M + 135 bps	18,637,808	18,633,429	
Ulisses Finance No.2 – Class D	September 2021	September 2038	Euribor 1M + 285 bps	10,530,362	10,531,837	
Ulisses Finance No.2 – Class E	September 2021	September 2038	Euribor 1M + 368 bps	3,447,995	3,449,193	
Ulisses Finance No.2 – Class F	September 2021	September 2038	Euribor 1M + 549 bps	1,211,458	1,212,427	
Ulisses Finance No.2 – Class G	September 2021	September 2038	Euribor 1M + 500 bps	375,000	375,254	
Ulisses Finance No.3 - Class A	June 2022	June 2039	Euribor 1M + 90 bps	168,000,000	167,808,294	
Ulisses Finance No.3 - Class B	June 2022	June 2039	Euribor 1M + 200 bps	8,000,000	7,828,704	
Ulisses Finance No.3 - Class C	June 2022	June 2039	Euribor 1M + 370 bps	12,000,000	11,741,334	
Ulisses Finance No.3 - Class D	June 2022	June 2039	Euribor 1M + 525 bps	6,000,000	5,665,908	
Ulisses Finance No.3 - Class E	June 2022	June 2039	Euribor 1M + 650 bps	5,000,000	4,758,885	
Ulisses Finance No.3 - Class F	June 2022	June 2039	Euribor 1M + 850 bps	1,000,000	965,514	
Ulisses Finance No.3 - Class G	June 2022	June 2039	Euribor 1M + 785 bps	600,000	590,125	
				445,280,609	445,577,860	

30.09.2023						
Issue	Issue date	Maturity date	Remuneration	Nominal value	Book value	
Ulisses Finance No.2 – Class A	September 2021	September 2038	Euribor 1M + 70 bps	151,607,982	152,729,134	
Ulisses Finance No.2 – Class B	September 2021	September 2038	Euribor 1M + 80 bps	7,442,709	7,441,445	
Ulisses Finance No.2 – Class C	September 2021	September 2038	Euribor 1M + 135 bps	14,885,418	14,884,255	
Ulisses Finance No.2 – Class D	September 2021	September 2038	Euribor 1M + 285 bps	8,410,261	8,411,707	
Ulisses Finance No.2 – Class E	September 2021	September 2038	Euribor 1M + 368 bps	2,753,802	2,754,657	
Ulisses Finance No.2 – Class F	September 2021	September 2038	Euribor 1M + 549 bps	967,552	968,144	
Ulisses Finance No.3 - Class A	June 2022	June 2039	Euribor 1M + 90 bps	157,606,345	157,494,737	
Ulisses Finance No.3 - Class B	June 2022	June 2039	Euribor 1M + 200 bps	7,505,064	7,387,280	
Ulisses Finance No.3 - Class C	June 2022	June 2039	Euribor 1M + 370 bps	11,257,596	11,079,386	
Ulisses Finance No.3 - Class D	June 2022	June 2039	Euribor 1M + 525 bps	5,628,798	5,397,716	
Ulisses Finance No.3 - Class E	June 2022	June 2039	Euribor 1M + 650 bps	4,690,665	4,523,823	
Ulisses Finance No.3 - Class F	June 2022	June 2039	Euribor 1M + 850 bps	938,133	907,158	
				373,694,326	373,979,442	

During the year ended on 31 December 2022 and the nine-months period ended 30 September 2023, the movement of this item is as follows:

31.12.2022					
	Opening balance	Issues	Repayments	Other movements	Closing balance
Ulisses Finance No.1	24,532,237	—	(13,188,001)	6,508	11,350,744
Ulisses Finance No.2	253,263,517	—	(17,927,399)	(467,765)	234,868,353
Ulisses Finance No.3	—	201,500,000	(2,699,000)	557,764	199,358,764
	277,795,753	201,500,000	(33,814,400)	96,507	445,577,860

	30.09.2023				
	Opening balance	Issues	Repayments	Other movements	Closing balance
Ulisses Finance No.1	11,350,743	—	(11,333,007)	(17,736)	—
Ulisses Finance No.2	234,868,352	—	(47,279,876)	(399,134)	187,189,342
Ulisses Finance No.3	199,358,764	—	(12,973,399)	404,735	186,790,100
	445,577,860	—	(71,586,282)	(12,136)	373,979,442

In 31 December 2022, the movements booked in “Issues” is related to the issuance of a new credit securitisation operation called Ulisses Finance nº 3, carried out through 321 Crédito.

The credit securitisation operation Ulisses No1, originated by 321 Crédito in 2017, included a consumer credit portfolio amounting to 141.2 million euros. The operation included a clean-up call option clause that could be exercised by the originator when the securitised portfolio dropped by 10% of the initial amount, i.e., 14.1 million euros. This occurred after the IPD (“interest payment date”) of June 2023, with the clean-up call being exercised at the IPD of July 2023, with the Company reacquiring the entire securitised portfolio, closing the operation, during the nine-months period ended 30 September 2023.

The scheduling by maturity regarding this caption is as follows:

	31.12.2022						
	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	Total
Securitisations	351,654	—	351,654	—	445,226,206	445,226,206	445,577,860
	351,654	—	351,654	—	445,226,206	445,226,206	445,577,860

	30.09.2023						
	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	Total
Securitisations	313,990	—	313,990	—	373,665,453	373,665,453	373,979,442
	313,990	—	313,990	—	373,665,453	373,665,453	373,979,442

Asset securitisation

Chaves Funding Nr.8

This private securitisation operation was issued in November 2019 by Tagus, Sociedade de Titularização de Créditos, S.A., it included a Consumer Credit portfolio originated by 321 Crédito. The operation was set up with the collaboration of Sociedade de Advogados PLMJ. The operation's structure includes a Tranche A and a Tranche B in the notes issued, both of which are fully owned by the Group.

This operation includes an optional early amortisation clause that allows the Issuer to redeem the Notes of all Classes issued, when the residual value of the credits represents 10% or less of the value of the Credit Portfolio on the date of setting up the securitisation operation.

The underlying assets of Chaves Funding No.8 operation were not derecognised from the Statement of Financial Position, as the Group substantially maintained the risks and benefits associated with their holding.

Ulisses Finance No.2

This securitisation operation was created in September 2021 and issued by Tagus - Sociedade de Titularização de Créditos, S.A. and corresponds to a public credit securitisation programme (Ulisses) with the Ulisses Finance No.2 operation being placed on the market. The operation was set up with the collaboration of Sociedade de Advogados PLMJ and Banco Deutsche Bank, and included a consumer credit portfolio originated by 321 Crédito, whose initial total amount was 250,000 thousand euros, to be maintained over the 12 months of revolving period.

The structure of the transaction includes six collateralised Tranches from A to F and additionally tranches G and Z. All tranches are dispersed in the capital market, with the exception of class Z, whose initial value was 1.5 million euros.

This operation obtained ratings from DBRS and Moody's for the tranches placed on the market, that is, Tranches A to G.

The Ulisses Finance No.2 operation has the characteristics of STS (simple, transparent and standardised) and SRT (significant risk transfer).

For the purposes of calculating the capital ratio, as the Ulisses Finance No.2 operation complies with article 244.1 (b) of European Regulation 575/2013 (full capital deduct approached), the company reduced its "Risk Weight Assets" with regard to the contracts securitised within the scope of this operation.

The operation has incorporated an interest rate cap, an interest rate risk mitigation mechanism for the operation and its investors, including the Group, but which was not contracted directly by the Group, but by the issuer of the securitisation operation (Tagus – STC, S.A.).

The underlying assets of the Ulisses Finance No.2 operation were not derecognised from the Consolidated Statement of Financial Position, as the Group substantially maintained the risks and benefits associated with their holding.

Next Funding Nr.1

The Next Funding No.1 operation, issued by Tagus – STC, SA in April 2021 and in which Banco CTT is a single investor, has as its underlying asset the credit card balances originated by the Universo credit card issued by Sonae Financial Services. Additionally, Banco CTT grants the operation an overdraft facility (Liquidity Facility) with the sole purpose of acquiring receivables (credit card balances) between the interest payment dates. On each interest payment date (IPD) the balance of the Liquidity Facility will be settled by converting it into the note amount.

In the consolidated accounts, taking into account the conditions set out in IFRS 10 (Consolidated Financial Statements), the securitisation operation is consolidated, insofar as the Group substantially holds the risks and benefits associated with the underlying assets and is able to affect these same risks and benefits.

Ulisses Finance Nr. 3

This securitisation operation was created in June 2022 and issued by Tagus - Sociedade de Titularização de Créditos, S.A. and corresponds to a public credit securitisation programme (Ulisses) with the Ulisses Finance No.3 operation being placed on the market. The operation was set up with the collaboration of “Sociedade de Advogados PLMJ” and “Banco Deutsche Bank”, and included a consumer credit portfolio originated by 321 Crédito, whose initial total amount was 200,000 thousand euros, to be maintained over the 12 months of revolving period.

The structure of the Transaction includes six collateralised Tranches from A to F and additionally tranches G and Z. All tranches are dispersed in the capital market, with the exception of class Z, whose initial value was 1.8 million euros.

This operation obtained ratings from DBRS and Moody's for the tranches placed on the market, that is, Tranches A to G.

The Ulisses Finance No.3 operation has the characteristics of STS (simple, transparent and standardised) and SRT (significant risk transfer).

For the purposes of calculating the capital ratio, as the Ulisses Finance No.3 operation complies with article 244.1 (b) of European Regulation 575/2013 (full capital deduct approached), the company reduced its “Risk Weight Assets” regarding to the contracts securitised within the scope of this operation.

The operation incorporates an interest rate swap, an interest rate risk mitigation mechanism for the operation and its investors, including the Group, but which was not contracted directly by the Group, but by the issuer. of the securitisation operation (Tagus – STC, S.A.).

The underlying assets of the Ulisses Finance No.3 operation were not derecognised from the Consolidated Statement of Financial Position, as the Group substantially maintained the risks and rewards associated with their holding.

Additionally, the Group, through 321 Crédito, maintained, as at 30 September 2023, the Fénix operation as the only live unrecognised securitisation operation. The Group's involvement in this operation is limited to providing servicing services.

22. Banking clients' deposits and other loans

As at 31 December 2022 and 30 September 2023, the composition of the caption Banking clients' deposits and other loans in the **Group** is as follows:

	31.12.2022	30.09.2023
Sight deposits	1,608,322,164	1,385,046,875
Term deposits	184,027,482	963,251,965
Savings deposits	452,980,272	368,851,488
	2,245,329,918	2,717,150,328

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 mobilised at any time, with no subscription limit, and it is possible to schedule transfers from and for this account. These deposits are different from term deposits as they have a definite date of constitution and maturity, and the savings accounts are fully mobilisable without penalty on remuneration.

For the nine-months period ended 30 September 2023 the average rate of return on customer funds was 0.54% (31 December 2022: 0.02%).

As at 31 December 2022 and 30 September 2023, the residual maturity of banking client deposits and other loans, is detailed as follows:

	31.12.2022					Total
	No defined maturity	Due within 3 months	Over 3 months and less than 1 year	Over 1 year and less than 3 years	Over 3 years	
Sight deposits and saving accounts	2,061,302,436	—	—	—	—	2,061,302,436
Term deposits	—	83,544,873	100,482,609	—	—	184,027,482
	2,061,302,436	83,544,873	100,482,609	—	—	2,245,329,918

	30.09.2023					Total
	No defined maturity	Due within 3 months	Over 3 months and less than 1 year	Over 1 year and less than 3 years	Over 3 years	
Sight deposits and saving accounts	1,753,898,363	—	—	—	—	1,753,898,363
Term deposits	—	160,493,244	802,758,721	—	—	963,251,965
	1,753,898,363	160,493,244	802,758,721	—	—	2,717,150,328

23. Income taxes receivable /payable

As at 30 September 2023, the caption reflects the difference between the estimated income tax regarding the nine-months period ended 30 September 2023 and the amounts already paid regarding payments on account and additional payments on account.

24. Staff costs

During nine-months period ended 30 September 2022 and 30 September 2023, the composition of the caption Staff Costs was as follows:

	30.09.2022	30.09.2023
Remuneration	205,636,979	223,877,378
Employee benefits	6,571,333	5,913,170
Indemnities	1,078,488	801,015
Social Security charges	43,972,397	47,945,123
Occupational accident and health insurance	2,963,337	2,852,955
Social welfare costs	5,804,981	5,848,580
Other staff costs	105,287	121,858
	266,132,801	287,360,078

The global increase in staff costs is essentially due to wage increases and the increase in the national minimum wage, in response to the current economic situation. Additionally, the growth in the average number of employees also contributed to this evolution, due to the growth in *contact center* activity and document management, as well as the increase in activity in Express and Parcels.

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

During the nine-months period ended 30 September 2022 and 30 September 2023, the fixed and variable remunerations attributed to the members of the statutory bodies of CTT, S.A., were:

	30.09.2022				Total
	Board of Directors	Audit Committee	Remuneration Board	General Meeting of Shareholders	
Short-term remuneration					
Fixed remuneration	1,949,266	118,929	14,850	14,000	2,097,045
Annual variable remuneration	—	—	—	—	—
	1,949,266	118,929	14,850	14,000	2,097,045
Long-term remuneration					
Defined contribution plan RSP	148,275	—	—	—	148,275
Long-term variable remuneration	1,086,429	—	—	—	1,086,429
	1,234,704	—	—	—	1,234,704
	3,183,970	118,929	14,850	14,000	3,331,749

	30.09.2023				Total
	Board of Directors	Audit Committee	Remuneration Board	General Meeting of Shareholders	
Short-term remuneration					
Fixed remuneration	1,766,179	122,762	30,850	14,000	1,933,791
Annual variable remuneration	—	—	—	—	—
	1,766,179	122,762	30,850	14,000	1,933,791
Long-term remuneration					
Defined contribution plan RSP	138,192	—	—	—	138,192
Long-term variable remuneration	—	—	—	—	—
	138,192	—	—	—	138,192
	1,904,371	122,762	30,850	14,000	2,071,983

Long-term variable remuneration ("LTVR")

The Long-term variable remuneration model for the 2020/2022 term of office was based on the participation of the executive Directors in the Options Plan, which is set out in the remuneration policy proposal approved by the Annual General Meeting of 21 April 2021 and based on the proposal of the Remuneration Committee.

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

The Options Plan mentioned provide the following main rules applicable to the allocation and exercise of the options and the financial settlement, and delivery and retention of the shares within the LTVR:

- a. The Options Plan regulates the allocation to its participants of options which confer the right to allocate shares representing CTT's share capital, subject to certain conditions applicable to the exercise and settlement of the options;
- b. The Options Plan sets out the number of options allocated that may be exercised by the Plan's participants (the CEO, the CFO, the remaining executive Directors and the Top Manager),

according to the table forward, the date of attribution corresponding to the date of the referred plan's approval at the General Meeting;

- c. The Options Plan sets five tranches of options that differ only by their different exercise price or strike price, as shown in the table below:

Tranche	Number of options - per participant			Exercise Price or Strike Price
	CEO	CFO	Other executive administrators	
1	700,000	400,000	300,000	€ 3.00
2	700,000	400,000	300,000	€ 5.00
3	700,000	400,000	300,000	€ 7.50
4	700,000	400,000	300,000	€ 10.00
5	700,000	400,000	300,000	€ 12.50

In the case of the Top Management, the Board of Directors approved the attribution of a global number of 1,200,000 options, subject to the conditions defined for the governing bodies.

- d. The exercise date of all the options was 1 January 2023, given the end of the 3-year term of office 2020/2022;
- e. The number of CTT shares to be awarded to the participants (via physical or financial settlement pursuant to the terms of the Options Plan), following the automatic exercise of the options on the exercise date as foreseen on the Options Plan, depends on the difference between the exercise price (strike price) and the Share Price (i.e., the average price, weighted by the trading volume, of the Company's shares traded on the Euronext Lisbon regulated market in the sessions carried out in the 45 days prior to the exercise date, i.e., on 1 January 2023) and results from the application of the following formula:

$$\text{No. of Shares} = \text{No. of Options Exercised} \times \left[\frac{\text{Share Price} - \text{Exercise Price (Strike Price)}}{\text{Share Price}} \right]$$

Thus, subject to the eligibility conditions and the retention mechanism referred below, each participant is entitled to receive the total number of CTT shares resulting from the sum of the number of shares due for each tranche, calculated according to the referred formula.

- f. The Executive Committee Options Plan provides for the financial settlement of 25% of the options (cash settlement) and the physical settlement of 75% of the options (equity settlement). The plan for CTT's Top Management provides for the physical settlement of 100% of the options;
- g. In the event that shares are granted depending on stock market performance and the Company's positive performance as defined in the plan, the options will be subject to settlement over the deferral/retention period;
- h. 50% of the LTVR is settled on the fifth trading day immediately following the date of the annual general meeting of the Company approving the accounts for the 2022 financial year to be held in 2023, subject to verification of positive performance with respect to each of the 2021 and 2022 financial years, half by way of financial settlement in cash, in the case of the Executive Committee, (i.e. 25% of the options on a pro rata basis with respect to each of its 5 tranches) and the other half (i.e. 25% of the options also on a pro rata basis with respect to each of its 5 tranches) by way of physical settlement through the delivery of CTT shares. In the case of Top

Management, the 50% of the LTVR settled on this date will be settled through the physical delivery of CTT shares;

- i. The remaining 50% of the LTVR (i.e. 50% of the options equally on a pro rata basis with respect to each of its 5 tranches) are settled through the delivery of CTT shares (physical settlement), in 2 tranches of 1/2 of the shares retained, respectively: (i) on the fifth trading day immediately following the end of the month after the date of approval of the accounts relating to financial year 2023 at an annual general meeting of the Company to be held in 2024, or on 31 May 2024 (whichever date occurs later) and subject to the positive performance of the Company in each of the financial years 2021 to 2023; and (ii) on the fifth trading day immediately following the end of the month after the date of approval of the accounts for the financial year 2024 at an annual general meeting of the Company to be held in 2025, or on 31 May 2025 (whichever date occurs later) and subject to the positive performance of the Company in each of the financial years 2021 to 2024, respectively for each tranche.
- j. The exercise of the options and their settlement are also subject to the eligibility conditions, namely, remaining in office during the term of office by rule, absence of situations of material non-compliance with the Options Plan, and no situations giving rise to the application of the adjustment mechanisms);

On the grant date, the fair value of the options granted was determined through a study carried out by an independent entity on the grant date. The model used for the valuation of the stock plan was the Monte Carlo simulation model.

For the cash-settlement component, the the liability amount is updated at the end of each reporting period, depending on the number of shares or share options awarded and their fair value at the reporting date, based on a study carried out by an independent entity. The liability amount determined in the study on 31 December 2022 amounted to 179,583 Euros, which led to the reversal of an amount of 231,847 Euros in the staff costs caption in the period of 2022.

In the period ended 31 December 2022, the amount recognised in staff costs amounted to 1,388,153 Euros, of which (231,847) Euros corresponds to the cash settlement component and 1,620,000 Euros corresponds to the equity instrument settlement component (Note 15).

Taking into account the end of the three-year term of office 2020/2022, the Remuneration Committee, in accordance with the Options Plan, has determined, on 1 January 2023, the number of shares to be attributed to each participant as LTVR (which attribution and settlement being subject to the rules set out in the Options Plan, described above). This determination was made through a study carried out by an independent entity.

For this purpose, the Share Price was calculated, based on the criteria described above, with the value of 3.168647 Euros was set as the value of the share for the purposes of the final calculation of the shares to be attributed.

In accordance with the Options Plan, the Remuneration Committee determined that the Strike Prices shown in the table above should be adjusted to the distribution of dividends during 2021 and 2022, in accordance with the following formula:

Adjusted Strike Price = Previous Strike Price - shareholder remuneration per Company share x (1 - % of treasury shares of the Company)

According to the formula above, the adjusted Strike Prices corresponding to each tranche were updated in accordance with the table below:

Tranche	Number of options - per participant			Exercise Price or Strike Price
	CEO	CFO	Other executive administrators	
1	700,000	400,000	300,000	€ 2.799139
2	700,000	400,000	300,000	€ 4.799139
3	700,000	400,000	300,000	€ 7.799139
4	700,000	400,000	300,000	€ 9.799139
5	700,000	400,000	300,000	€ 12.299139

In accordance with the conditions of the Options Plan, and taking the Share Price of 3,168647 Euros mentioned above as a reference, only the Exercise Price (Strike Price) of the first tranche was taken into account, since the Share Price did not reach the Exercise Price (Strike Price) of the second tranche. Thus, the following formula was applied to determine the number of shares:

$$(\text{Share Price} - \text{Strike Price}) / \text{Share Price} = (3,168647 - 2,799139) / 3,168647 = 0.116614$$

Considering the above, each option was entitled to the attribution of 0.116614 shares which, multiplied by the number of options attributed to each participant, gave rise to the attribution of the following number of shares to each participant by way of LTVR:

Participant	CEO	CFO	Other executive directors (three members)	Total
Shares	81,629	46,645	104,949	233,226

In the case of Top Management, a total of 127,103 shares to be awarded were calculated.

Providing for the Option Plan, in the case of the Board of Directors, the financial settlement of 25% of the shares attributed (cash settlement) and the physical settlement of 75% of the same (equity settlement), 50% of the shares attributed as LTVR were settled on the fifth trading day immediately after the annual general meeting of the Company that approved the accounts for the 2022 financial year, held on 10 April 2023, half through financial settlement in cash and the other half through of physical settlement through the delivery of CTT shares to participants. In the case of top management, 50% of the shares awarded were paid through physical settlement on the same date. The remaining 50% of the allocated shares are subject to the deferral and retention mechanisms explained above.

As of 30 September 2023, and considering that the plan options were exercised on 1 January 2023, there was no change in the fair value of the cash settlement component, proceeding to the payment of the amount and consequent settlement of liabilities on 20 April 2023. In the case of the physical settlement component, considering that this was fully recognised in 2021 and 2022, with reference to 30 September 2023, an amount of 1,155,000 Euros was derecognised in the caption "Reserves" in equity, corresponding to the proportional amount of the physical liquidation that occurred (note 15). This amount was derecognised against to the amount of the own shares delivered within the scope of this operation. The difference in the amount of 705,463 Euros, was recognised under the caption "Other changes in equity" (Note 15), pursuant to the provisions of the IFRS.

Annual variable remuneration ("AVR"):

In the period ended 31 December 2021, the amount of 1,447,419 Euros was recognised as an estimated annual variable remuneration for members of the Governing Bodies. In 2022, the determination of the final amount to be settled was carried out, with 50% of the amount having already been settled, as stipulated in the Remuneration Regulation.

In the period ended 31 December 2022, the amount of 1,492,467 Euros was recognised as an estimated annual variable remuneration for members of the Governing Bodies. In 2023, the determination of the final amount to be settled was carried out, with 50% of the amount having already been settled, as stipulated in the Remuneration Regulation.

For the nine-months period ended 30 September 2023, the caption Staff costs includes the amount of 699,019 Euros related to expenses with workers' representative bodies.

For nine-months period ended 30 September 2023, the average number of staff of the Group was 13,155 (12,638 employees for the period ended 30 September 2022).

25. Interest expenses and Interest income

For the nine-months period ended 30 September 2022 and 30 September 2023, the caption Interest Expenses had the following detail:

	30.09.2022	30.09.2023
Interest expenses		
Bank loans	1,155,614	3,813,508
Lease liabilities	2,409,098	2,638,493
Other interest	166,097	71,851
Interest costs from employee benefits	2,948,784	5,372,575
Other interest costs	252,261	390,709
	6,931,854	12,287,136

The increase in interest expenses on bank loans is mainly due to the contracting of new loans (note 18) and the increase in interest rates, as a result of the current macroeconomic context. The increase in financial expenses with employee benefits is essentially due to the increase in the discount rate in the 2022 assessment.

During the nine-months period ended 30 September 2022 and 30 September 2023, the caption Interest income was detailed as follows:

	30.09.2022	30.09.2023
Interest income		
Deposits in credit institutions	13,914	650,079
Other supplementary income	—	80
	13,914	650,159

26. Income tax for the period

Companies with head office in Portugal are subject to tax on their profit through Corporate Income Tax ("IRC") at the normal tax rate of 21%, whilst the municipal tax is established at a maximum rate of 1.5% of taxable profit, and State surcharge is 3% of taxable profit between 1,500,000 Euros and 7,500,000 Euros, 5% of taxable profit between 7,500,000 and to 35,000,000 Euros and 9% of the taxable profit above 35,000,000 Euros. CTT – Expresso, S.A., Spain branch is subject to income taxes in Spain, through income tax (Impuesto sobre Sociedades - "IS") at a rate of 25%, and the subsidiary CORRE is subject to corporate income tax in Mozambique ("IRPC") at a rate of 32%.

Corporate income tax is levied on CTT and its subsidiaries CTT – Expresso, S.A., Payshop Portugal, S.A, CTT Contacto, S.A. and Banco CTT, S.A., 321 Crédito – Instituição Financeira de Crédito, S.A., CTT Soluções Empresariais, S.A., CTT IMO – Sociedade Imobiliária, S.A., NewSpring Services, S.A.,

MedSpring, S.A., CTT IMO Yield, S.A. and CTT Services, S.A. as a result of the option for the Special Regime for the Taxation of Groups of Companies (“RETGS”) application. The remaining companies are taxed individually. The entity CTT IMO – Sociedade Imobiliária, S.A. joined the RETGS in the previous year and the entities NewSpring Services, S.A., MedSpring, S.A., CTT IMO Yield, S.A. and CTT Services, S.A. integrated the RETGS in this financial year.

Reconciliation of the income tax rate

For the nine-months period ended 30 September 2022 and 30 September 2023, the reconciliation between the nominal rate and the effective income tax rate was as follows:

	30.09.2022	30.09.2023
Earnings before taxes (a)	35,902,027	45,448,734
Nominal tax rate	21.0%	21.0%
	7,539,426	9,544,234
Tax Benefits	(212,699)	(141,124)
Accounting capital gains/(losses)	(3,358)	(3,821)
Tax capital gains/(losses)	1,677	1,910
Provisions not considered in the calculation of deferred taxes	119,179	41,148
Impairment losses and reversals	60,019	(389,200)
Compensation for insurable events	133,416	103,968
Depreciation and car rental charges	18,846	19,173
Credits uncollectible	36,937	201,489
Difference between current and deferred tax rates	112,937	51,040
Fines, interest, compensatory interest and other charges	10,171	60,668
Other situations, net	1,356,176	353,995
Adjustments related with - autonomous taxation	447,793	401,116
Adjustments related with - undistributed variable remuneration	6,531	—
SIFIDE tax credit	(2,154,501)	(2,029,450)
Insufficiency / (Excess) estimated income tax	(994,973)	(272,571)
Subtotal (b)	6,514,225	7,942,574
(b)/(a)	18.14%	17.48%
Adjustments related with - Municipal Surcharge	409,077	688,248
Adjustments related with - State Surcharge	696,833	1,319,279
Income taxes for the period	7,620,135	9,950,101
Effective tax rate	21.22%	21.89%
Income taxes for the period		
Current tax	3,259,159	12,005,318
Deferred tax	7,510,450	246,804
SIFIDE tax credit	(2,154,501)	(2,029,450)
Insufficiency / (Excess) estimated income tax	(994,973)	(272,571)
	7,620,135	9,950,101

For the nine-months period ended on 30 September 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. The caption Insufficient/(Excess) estimated income tax essentially books the income tax excess estimate for the year 2021, in the net amount of (748,577) Euros.

For the nine-months period ended on 30 September 2023, the caption "SIFIDE Tax Credit" refers, essentially, to the remaining amount of SIFIDE's tax credit relating to the years 2020 and 2021 (1,618,016 Euros), as well as an amount of 335,001 Euros and 76,433 Euros regarding the estimated amount of SIFIDE for Banco CTT and CTT Expresso, respectively, for the year 2022.

Deferred taxes

As at 31 December 2022 and 30 September 2023, the balance related to deferred tax assets and liabilities was composed as follows:

	31.12.2022	30.09.2023
Deferred tax assets		
Employee benefits - healthcare	53,302,302	52,534,824
Employee benefits - pension plan	51,604	48,147
Employee benefits - other long-term benefits	5,090,460	5,083,334
Impairment losses and provisions	2,400,419	2,496,920
Tax losses carried forward	2,765,595	2,849,942
Impairment losses in tangible fixed assets	1,594,826	1,843,028
Long-term variable remuneration (Board of directors)	1,049,729	816,443
Land and buildings	332,610	332,610
Tangible assets' tax revaluation regime	962,147	721,610
Other	273,917	329,495
	67,823,608	67,056,354
Deferred tax liabilities		
Revaluation of tangible fixed assets before IFRS	1,519,019	1,395,123
Suspended capital gains	631,893	612,281
PPA Movements - New Spring Services	387,300	311,524
Fair value adjustments	7,108,430	6,786,408
Other	200,835	192,289
	9,847,476	9,297,625

The deferred tax asset related to Tangible assets tax revaluation regime was recognised following the Companies' accession to the regime established in Decree-Law no. 66/2016, of 3 November. In the year ended 30 September 2023 the deferred tax asset amounts to 721,610 Euros.

The deferred tax liability relating to "fair value adjustments" essentially refers to the deferred tax associated with the caption "Financial assets and liabilities at fair value through profit or loss".

As at 30 September 2023, the expected amount of deferred tax assets and liabilities to be settled within 12 months is 3.2 million Euros and 0.4 million Euros, respectively.

During the years ended 31 December 2022 and 30 September 2023, the movements which occurred under the deferred tax captions were as follows:

	31.12.2022	30.09.2023
Deferred tax assets		
Opening balances	87,255,087	67,823,608
Effect on net profit		
Employee benefits - healthcare	(414,767)	(767,478)
Employee benefits - pension plan	(11,597)	(3,456)
Employee benefits - other long-term benefits	359,712	(7,125)
Impairment losses and provisions	(1,738,614)	96,281
Tax losses carried forward	686,684	84,567
Impairment losses in tangible fixed assets	1,113,639	248,202
Share plan	594,329	(233,286)
Land and buildings	(11,042)	—
Tangible assets' tax revaluation regime	(320,715)	(240,537)
Other	(89,819)	55,578
Effect on equity		
Employee benefits - healthcare	(19,593,906)	—
Employee benefits - pension plan	(5,383)	—
Closing balance	67,823,608	67,056,354

	31.12.2022	30.09.2023
Deferred tax liabilities		
Opening balances	2,427,513	9,847,476
Effect on net profit		
Revaluation of tangible fixed assets before IFRS adoption	(165,194)	(123,896)
Suspended capital gains	(26,149)	(19,612)
Non-current assets held for sale	(42,718)	—
PPA Movements - New Spring Services	(134,713)	(75,776)
Fair value adjustments	7,108,430	(322,021)
Other	15,818	11,144
Effect on equity		
Other	142,477	(19,689)
Other effects		
PPA Movements - New Spring Services	522,013	—
Closing balance	9,847,476	9,297,625

During the year ended 31 December 2022 and in the nine-months period ended 30 September 2023, the tax losses carried forward are detailed as follows:

Group	31.12.2022		30.09.2023	
	Tax losses	Deferred tax assets	Tax losses	Deferred tax assets
CTT – Espresso, S.A., branch in Spain	77,006,639	—	76,708,276	—
CTT Espresso/Transporta	13,133,872	2,758,113	12,661,386	2,658,891
CTT Soluções Empresariais/HCCM	—	—	924,466	191,051
Total	90,140,511	2,758,113	90,294,128	2,849,942

Regarding CTT – Espresso, S.A., branch in Spain, the tax losses of the years 2008, 2009 and 2011 may be reported in the next 15 years, the tax losses related to 2012, 2013 and 2014 may be carried forward in the next 18 years and the tax losses of the years 2015, 2016, 2017, 2018, 2019, 2020, 2021 and 2022 have no time limit for deduction. No deferred tax assets associated with CTT Espresso branch in Spain's tax losses were recognised, given its losses history.

Regarding to CTT Expresso/ Transporta, the tax losses presented refer to the losses of Transporta for the years 2014 and 2015 and 2017 and 2018, since in 2019 this company was incorporated into CTT Expresso, which may be reported in one or more subsequent tax periods, in accordance with the rules established in the income tax code. The recognition of deferred tax assets related to Transporta's tax losses is supported by the estimate of future taxable profits of CTT Expresso, based on the company's business plan.

It should be noted that, following the acquisition of Transporta, a request was made to maintain the tax losses that had been determined with reference to the periods of 2014 and 2015 (in the amounts of 4,536,810 Euros and 3,068,088 Euros), for which a favourable response was obtained from the Tax Authority during 2021.

It should be noted that, following the acquisition of HCCM – Outsourcing Investment, a request was made to maintain the tax losses that had been determined with reference to the periods from 2015 to 2020 (in the total amount of 1,300,311 Euros), in relation to which awaits a favourable response from the Tax and Customs Authority during the nine-months period ended 30 September 2023. Therefore, the related deferred tax asset was recorded. It should be noted that, as previously mentioned, HCCM – Outsourcing Investment was merged by incorporation into the entity CTT - Soluções Empresariais, with reference to 1 January 2022.

Law No. 24-D/2022, of December 30 – “OE 2023” – includes a rule, identified as promoting the principle of solidarity between financial years (logic of continuity of business cycles), which determines the end of time limit for reporting tax losses calculated in previous years.

Despite being a rule to be applied to financial years beginning on or after 1 January 2023, the calculation of deferred tax on 31 December 2022 regarding tax losses considered that rational.

In another sense, the percentage of the amount of deductible tax losses in each financial year is reduced from 70% to 65%, therefore it is expected that Companies will take longer to take advantage of the deduction of tax losses.

The sensitivity analysis performed allows us to conclude that a 1% reduction in the underlying rate of deferred tax would imply an increase in the income tax for the period of about 2.18 million Euros.

SIFIDE

The Group recognises an estimate of the tax credit that was submitted for certification by the competent authority (ANI – Agência Nacional de Inovação) in the period to which the investments relate.

Regarding to R&D expenses incurred by the Group in the 2020 financial year, with the submission of the application, these amounted to approximately 5,304,741 Euros, with the Group estimated an income tax deduction of 3,850,195 Euros. As at 30 September 2023, the tax credit for the year 2020 is already fully deferred by the Certifying Commission (ANI).

Regarding R&D expenses incurred by the Group in the financial year of 2021, with the submission of the application, these amounted to 6,474,190 Euros, with the Group estimated an income tax deduction of 3,816,703 euros. As at 30 September 2023, the tax credit for the year 2020 is already fully deferred by the Certifying Commission (ANI).

Regarding R&D expenses incurred by the Group in the financial year of 2022, with the submission of the application, these amounted to 4,169,551 Euros, with the Group having the possibility of benefiting from a income tax deduction estimated at 1,648,062 euros.

Other information

Pursuant to the legislation in force in Portugal, income tax returns are subject to review and correction by the tax authorities for a period of four years (five years for Social Security), except when there have been tax losses, tax benefits have been received, or when inspections, claims or challenges are in progress, in which cases, depending on the circumstances, these years are extended or suspended. Therefore, CTT's income tax returns from 2019 and onwards may still be reviewed and corrected.

The Board of Directors believes that any corrections arising from reviews/inspections by the tax authorities of these income tax returns will not have a significant effect on the consolidated financial statements as at 30 September 2023.

27. Related parties

The Regulation on Assessment and Control of transactions with CTT related parties defines related party as: qualified shareholder, manager, subsidiaries companies' managers or third party with any of these related through relevant commercial or personal interest (under the terms of IAS 24) and also subsidiaries, associates and joint ventures of CTT. It is considered that there is a "relevant commercial or personal interest" in relation to (i) close family members of the managers, subsidiaries companies' managers and qualified shareholders who, at each moment, have significant influence on CTT, as well as (ii) controlled entities (individually or jointly), either by management, subsidiaries companies' managers qualified shareholders or by the persons referred to in (i). For this purpose, "control" is considered to exist when an investor is exposed or holds rights in relation to variable results through its relationship with it and has the capacity to affect those results through the power it exercises over the investee. Additionally, "close family members" are: (i) the spouse or domestic partner and (ii) the children and dependents of the person and persons referred to in (i).

According to the Regulation, the significant transactions with related parties, as well as transactions that members of the Board of Directors of CTT and/or its subsidiaries conduct with CTT and/or its subsidiaries, must be previously approved by resolution of Board of Directors, preceded by a prior favourable opinion of Audit Committee, except when included in the normal company's business and no special advantage is granted to the director directly or by an intermediary. Significant transaction is any transaction with a related party whose amount exceeds one million Euros, and / or carried out outside current activity scope of CTT and / or subsidiaries and / or outside market conditions.

The other related parties' transactions are approved by Executive Committee, to the extent of the related delegation of powers, and subject to subsequent examination by the Audit Committee.

For the nine-months period ended 30 September 2023 and 30 September 2022, the following transactions took place and the following balances existed with related parties:

30.09.2022						
Group	Accounts receivable	Accounts payable	Revenues	Costs	Dividends	Financial investments / Increase in share capital
Shareholders	—	—	—	—	17,656,441	—
Group companies						
Associated companies	—	—	—	—	—	—
Jointly controlled	195,784	207,905	353,236	263,305	—	—
Members of the (Note 24)						
Board of Directors	—	—	—	1,949,266	—	—
Audit Committee	—	—	—	118,929	—	—
Remuneration Committee	—	—	—	14,850	—	—
General Meeting	—	—	—	14,000	—	—
	195,784	207,905	353,236	2,360,350	17,656,441	—

30.09.2023						
Group	Accounts receivable	Accounts payable	Revenues	Costs	Dividends	Financial investments / Increase in share capital
Shareholders	—	—	—	—	17,817,109	—
Group companies						
Associated companies	—	—	—	—	—	—
Jointly controlled	459,777	25,719	462,229	156,212	—	—
Members of the (Note 24)						
Board of Directors	—	—	—	1,766,179	—	—
Audit Committee	—	—	—	122,762	—	—
Remuneration Committee	—	—	—	30,850	—	—
General Meeting	—	—	—	14,000	—	—
	459,777	25,719	462,229	2,090,003	17,817,109	—

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

No provision was recognised for doubtful debts or expenses recognised during the period in respect of bad or doubtful debts owed by related parties.

The remunerations attributed to the members of the statutory bodies of CTT, S.A. are disclosed in note 24 – Staff Costs.

28. Other information

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

Regarding to the legal proceedings relating to ANACOM's Decision regarding the quality of service parameters and performance targets applicable to the universal postal service provision, of July 2018, the Government's appeal against the decision of the Arbitration Court continues. It acknowledges that

ANACOM's decision constituted an abnormal and impressionable change in circumstances, causing damages amounting to 1,869,482 euros. The administrative actions against ANACOM, the first concerning the same decision and the second concerning the deliberation of December 2018 regarding the new measurement procedures to be applied to the indicators, had no relevant developments.

As CTT appealed the decision to apply a fine of 153,750 euros for twenty-six administrative offences related to the non-compliance with postal network density targets and minimum service offers, and the publication of quality of service indicators and information on prices charged at various postal establishments in 2014 and 2015, the Lisbon Court of Appeal reduced the fine to 57 thousand euros. As CTT disagreed with the grounds of the decision that upheld some of the administrative offences, it appealed to the Constitutional Court on 23 February 2023, which rejected the appeal on the grounds that the requirements for admissibility of the appeal were not met. Since CTT considered that important guarantees of defence were at stake (e.g., the conviction of an administrative offence based on the mere indication of facts and the remedy of the nullity arising from the omission of the examination of a witness at the administrative stage), filed a complaint with the European Court of Human Rights. CTT was ordered by the Court of Appeal to pay 57,000 euros and has appealed to the Supreme Court of Justice asking for the jurisprudence to be standardised, based on the contradiction that exists, in its opinion, between this decision and previous jurisprudence on the counting of the limitation period. The administrative offence proceedings in which CTT was charged by ANACOM for alleged violation of the measurement procedure of the quality of service indicators (QSI) in 2016 and 2017 is ongoing.

Following the proposal to apply contractual fines in the amount of 753 thousand euros, on 4 August 2022, CTT requested the constitution of an arbitration court, under the terms of the concession agreement and the process is underway. For the same facts, CTT had already been notified of the filing of an administrative offence proceeding on 30 August 2021, which is running its course, with no developments, following the presentation of the respective defences. On 23 February 2023, CTT was notified to comment on a new proposal for the application of contractual fines submitted by ANACOM to the Government, in relation to the alleged contractual breach of the quality of service obligation in the years 2016, 2017, 2018 and 2019. CTT submitted its statement on 6 April 2023, in which it defends there is no basis in fact or in law for establishing any contractual liability and requests additional evidence. The application of contractual fines and the respective amount depends on the further steps of the administrative procedure, which has not yet been developed. On 5 June 2023, CTT was notified of the opening of an administrative offence procedure by ANACOM, for non-compliance with the quality of service indicators (QSI) in 2017, 2018 and 2019. Although CTT is in total disagreement with the application of this administrative offence, it has paid the fine of at least 140 thousand euros, as proposed by ANACOM, for exclusively financial reasons of saving resources, given the risks and costs inherent in litigation. The payment of the fine was followed by the sending of a communication setting out the reasons for disagreement, which is largely related to the same reasons that are at the origin of the litigation concerning ANACOM's 2018 Decision, which approved the quality parameters and performance targets in question.

On 11 June 2021, CTT initiated arbitration proceedings against the Portuguese State to protect its rights, specifically: (a) the impacts and contractual effects, namely compensatory (which CTT estimates to be approximately 23 million euros), of the COVID-19 pandemic, as well as of the public measures adopted in that context; and (b) the legal compatibility, impacts and contractual effects, namely compensatory (which CTT estimates to be approximately 44 million euros), of the decision to extend the concession agreement. The above-mentioned figures correspond to the amounts to which CTT, with the data available at the time, considers to be entitled. As communicated to the market on 1 October 2023, CTT has been notified of the Decision delivered by the Arbitration Court (dated 27 September) regarding these proceedings. As for the impact of the COVID-19 pandemic, the Court unanimously decided to order the State to pay CTT the amount of 6,785,781 Euros, calculated according to equity principles and which corresponds to the amount necessary to cover the "losses actually suffered by CTT" in the year 2020, because it considers that the pandemic constitutes an abnormal change in circumstances that had a negative impact on the execution of the Concession Agreement. Furthermore,

with regard to the unilateral extension of the Concession Agreement, the Court unanimously concluded that the extension decision disturbed the financial balance of the Concession Agreement (to the detriment of CTT) and, as such, ordered the State to restore that balance, for the year 2021, by paying the amount of 16,769,864 Euros. Therefore, the State was ordered to pay the total amount of 23,555,645 Euros, plus accrued interest the value of which is still to be determined by the Arbitration Court, following the parties' submission on 9 October.

The lawsuits filed on 18 January 2022 by the companies Vasp Premium – Entrega Personalizada de Publicações, LDA. (Vasp) and Iberomail – Correio Internacional, S.A., (Iberomail) against CTT before the Competition, Regulation & Supervision Court, seeking the conviction of CTT for abuse of dominant position continue, still awaiting the start of the evidence phase. CTT follows the best market practices and considers the request to be totally unfounded, as these lawsuits concern facts assessed by the Competition Authority (AdC) in the scope of a proceeding that was closed with the imposition of commitments, which CTT has implemented and reports annually to the AdC.

Strategic Partnership - Generali Seguros

On 6 November 2022, CTT - Correios de Portugal, S.A. and its subsidiary Banco CTT, S.A. entered into a strategic partnership agreement with Generali Seguros, S.A. (Tranquilidade/Generali Seguros).

The transaction concluded between the parties includes:

- Long-term distribution agreements, with 5-years exclusivity renewable periods, for the distribution by CTT and Banco CTT of life and non-life insurance products of Tranquilidade/Generali Seguros;
- Subscription by Tranquilidade/Generali Seguros of a 25 million euros reserved share capital increase in Banco CTT, in exchange for a shareholding of approximately 8.71%. A Shareholders' Agreement will provide Tranquilidade/Generali Seguros with minority interests with the size of the shareholding.

The agreement aims to combine the experience of Tranquilidade/Generali Seguros in the development and management of insurance products with the distribution capacity of CTT and Banco CTT through their nationwide networks coverage and digital channels. The insurance distribution agreements contemplate a fixed price by Tranquilidade/Generali Seguros of 1 million euros and 9 million euros to CTT and Banco CTT, respectively, to be settled in the initial six years, and additional contingent payments depending on the performance achieved over the term of the agreements.

The CTT Group expects that the transaction, which is subject to suspensive conditions, including approval by the banking and insurance regulatory authorities, will be completed by the end of 2023.

Real Estate Assets

The real estate assets of CTT are organised into two distinct portfolios, depending on their respective characteristics and functionality.

Yield Portfolio

In 2022, CTT began exclusive negotiations with a third party to manage this portfolio, which essentially comprises:

1. the properties associated with the retail network of CTT; and
2. the warehouses and logistics and distribution centres of CTT's operational network in Portugal.

As a result of this negotiation, the company CTT IMO Yield, S.A. (CTT IMO Yield) was created on 31 October 2022, with the purpose of holding and managing this yield portfolio (note 7).

On 4 May 2023, CTT entered into a Sale and Purchase of Shares Agreement with Sierra Investments, SGPS, S.A. ("Sierra") under which Sierra and a group of institutional investors will acquire a 30.1% stake in the share capital of CTT IMO Yield (assuming the carve-in of all properties in the yield portfolio), subject to a set of conditions precedent (the "Transaction").

CTT IMO Yield is currently undergoing the process of conversion into an alternative real estate investment vehicle (OIA) in the form of a fixed capital, privately subscribed company, managed by a company that is part of the Sierra Investments business group, the company Sierra IG - SGOIC, S.A.

On 10 October 2023, and pursuant to the provisions of Article 22(3)(b) of the Asset Management Regulation, the Portuguese Securities Market Commission (CMVM) issued the SIC (collective investment company) registration code for CTT IMO Yield.

On 17 October 2023, AdC (Competition Authority) also adopted a decision according to which the Transaction is not covered by the merger control procedure.

The Transaction is still subject to the fulfilment of the other conditions precedent, as communicated to the market on 4 May 2023 ("Update of the real estate strategy").

Development Portfolio

Real estate assets that are not - and are not expected to be - allocated to (or used by) CTT's retail and logistics networks, and for which CTT believes there is potential for property promotion and development, are aggregated in the "Development Portfolio".

This Portfolio is managed in a differentiated manner by its own internal CTT department, which is responsible for monitoring and promoting this activity autonomously and with the aim of creating value for the Group.

29. Subsequent events

After 30 September 2023 and up to the date that the financial statements were approved for issue, no relevant or material facts have occurred in the Group's activity that have not been disclosed in the notes to the financial statements.

