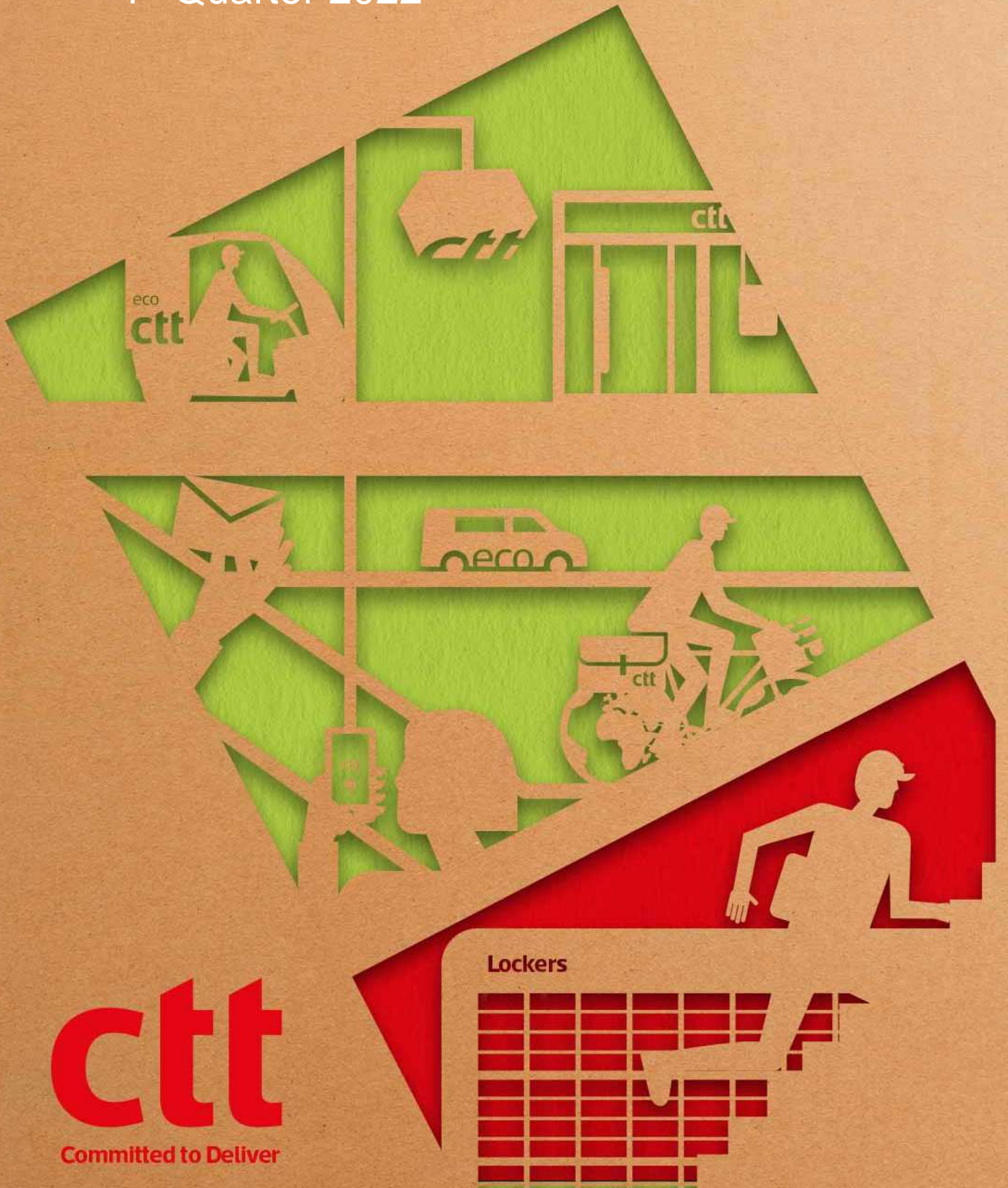


Consolidated Results

1st Quarter 2022



ctt
Committed to Deliver

Lockers

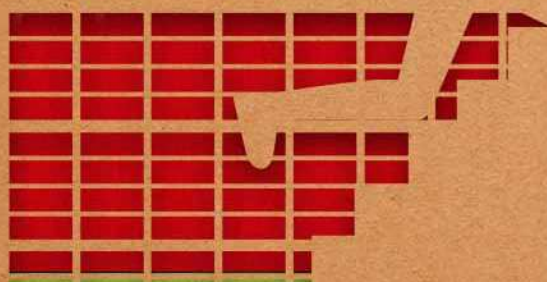


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CTT – CORREIOS DE PORTUGAL, S.A.

1ST QUARTER 2022 CONSOLIDATED RESULTS

- **Revenues¹** grew by 14.3% to €234.7m in 1Q22, an increase of €29.4m compared to 1Q21 that accelerates the growth trend since 3Q21 and reflects Banco CTT's growth (+€6.9m; +32.5% y.o.y) and the performance of the Mail & Other business unit (+€24.9m; +22.9% y.o.y), the latter positively impacted by the consolidation of NewSpring Services (+€6.0m) and the record of the revenues associated to a laptop sale project started in 4Q21 (+€21.5m). The remaining business units posted revenue declines, Express & Parcels by €2.1m (-3.3% y.o.y) and Financial Services & Retail by €0.2m (-1.7% y.o.y).
- **Banco CTT** solidified its growth path in 1Q22, with its recurring EBIT having more than doubled in the period to €3.4m (+142.5% y.o.y). The growth of the auto loan portfolio was a key contributor to this performance, as its production reached the highest level ever in 1Q22, with €60.3m (+48.4% y.o.y). The same happened with the consumer credit portfolio, driven by the partnership with Sonae.
- The performance in 1Q22 reflects a difficult comparable to 1Q21 as the activity associated with e-commerce in that quarter was positively impacted by the COVID-19 pandemic restrictions and a part of the gains obtained was temporarily reverted the return to physical retail. 1Q22 was also penalized by a more challenging economic environment in terms of consumer confidence, particularly in a context of rising inflation essentially due to geopolitical tensions in Europe arising from the Ukraine War which have impacted the global trade volume during this quarter.
- To this extent, the impact of the transitory downturn in 1Q22 was especially visible in revenues from **Express & Parcels**, with Portugal recording a decrease (-€4.1m; -11.8% y.o.y) to €31.0m and Spain a slowdown in its growth profile (+€2.0m; +7.1% y.o.y) to €29.5m, and in **Mail & Other** via international inbound mail, which also continues to be impacted by the end of the VAT exemption on lower-value extra-EU products (*de minimis*).
- **Recurring EBIT** reached €6.7m in 1Q22, a decrease of €8.4m (-55.7% y.o.y) versus 1Q21 as a result of the decline in higher-value and higher-margin flows and the costs associated with the preparation of the distribution network for the structural growth in e-commerce that is anticipated in the Iberian market. However, there is operational flexibility to adjust, if required.
- **Operating cash flow** stood at €10.4m in 1Q22, down €2.5m (-19.3% y.o.y).
- **Net profit⁴** reached €5.4m, representing a decrease of €3.3m (-38.1% y.o.y).

Consolidated results

	1Q21	1Q22	Δ	Δ%
				€ million
Revenues¹	205.3	234.7	29.4	14.3%
Mail & Other	108.6	133.5	24.9	22.9%
Mail	107.8	132.9	25.0	23.2%
Central structure	0.8	0.6	-0.2	-23.9%
Express & Parcels	63.4	61.3	-2.1	-3.3%
Banco CTT	21.2	28.0	6.9	32.5%
Financial Services & Retail	12.1	11.9	-0.2	-1.7%
Operating costs (EBITDA)²	176.3	212.7	36.4	20.7%
EBITDA³	29.1	22.0	-7.0	-24.1%
Depreciation & amortization	14.0	15.4	1.4	9.8%
Recurring EBIT	15.0	6.7	-8.4	-55.7%
Specific items	-0.8	-2.7	-1.9	«
EBIT	15.9	9.4	-6.5	-41.1%
Financial results (+/-)	-2.6	-2.1	0.5	19.2%
Income tax for the period	4.5	1.8	-2.7	-59.7%
Non-controlling interests	0.0	0.0	-0.0	-28.0%
Net profit for the period⁴	8.7	5.4	-3.3	-38.1%

¹ Excluding specific items.

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

³ Excluding depreciation & amortization and specific items.

⁴ Attributable to equity holders.

1. Operational and Financial Performance

Consolidated Revenues

In the comparison between 1Q22 and 1Q21 it must be considered that Portugal and Spain went through the second lockdown caused by the COVID-19 pandemic during most of the period between January and March 2021. Naturally, this had an impact on consumption habits and consumer appetite for e-commerce. This period has led to changes both of a structural nature – in that the number of online buyers and sellers has increased significantly – and of a transitory nature, as the frequency of shopping had been influenced by the lack of alternatives in the high street and in shopping centers, and by the limitations on physical travel. As a result, the evolution of the e-commerce related business in 1Q22, when compared to 1Q21, reflects some slowdown, although it is still above pre-pandemic levels, even in the Portuguese market where the effect was more marked.

Despite this context, CTT revenues grew by 14.3% in 1Q22 to €234.7m, up by €29.4m compared to 1Q21, reflecting the performances of (1) Mail & Other (+€24.9m; +22.9% y.o.y), positively influenced by the consolidation of NewSpring Services (+€6.0m) and the revenue associated with a laptop sale project started in 4Q21 (+€21.5m), and (2) Banco CTT (+€6.9m; +32.5% y.o.y). On the other hand, the remaining business units posted revenue decreases, Express & Parcels by €2.1m (-3.3% y.o.y) and Financial Services & Retail by €0.2m (-1.7% y.o.y).

Mail

Mail & Other revenues amounted to €133.5m in 1Q22, which corresponded to a growth of €24.9m versus 1Q21 (+22.9% y.o.y).

The growth registered in this business unit was catalyzed by the **business solutions** segment (+€28.6m) reflecting the integration of NewSpring Services in CTT's Business Solutions base offer in September 2021 (+€6.0m) and the €22.6m growth of the business solutions base largely explained by the revenue related to a laptop sale project started in the last quarter of 2021 (+€21.5m).

In 1Q22, mail service revenues show an adjustment trend, with a decline of -3.4% (-€3.6m y.o.y), penalized by the strong decrease in the revenues of **international inbound mail** (-€5.5m; -52.5% y.o.y).

To be noted is the growth of **international outbound mail** revenues (+€2.9m; +29.1% y.o.y), boosted by the additional revenue in the month of February due to the rerun of the legislative elections in the European constituency (+€3.5m), and by **registered mail** (+€1.3m; +4.4% y.o.y).

The remaining business lines posted decreases: **ordinary mail** (-€0.7m; -2.0% y.o.y), **green mail** (-€0.7m; -25.9% y.o.y), **editorial mail** (-€0.2m; -5.0% y.o.y), **advertising mail** (-€0.1m; -1.3% y.o.y), **parcels** (-€0.2m; -10% y.o.y) and **other mail products and services** (-€0.2m; -26.0% y.o.y).

The slowdown in e-commerce in 1Q22, due to the transitory impact mentioned above, negatively influenced transactional mail, especially in the retail channel, due to lower demand for registered mail and green mail, the products of choice for e-commerce shipments through this channel.

Business solutions recorded revenues of €32.2m (+€28.6m) as a result of the integration of NewSpring Services (+€6.0m) and the recording of the revenue related to the laptop sales project (+€21.5m), as mentioned above. Excluding these effects, the revenues would still have grown by 31.0% y.o.y. This growth arises from the continued focus on diversifying the offer and strengthening existing skills. In order to position itself as the reference entity in supporting municipalities, CTT teamed up with Wavocom and Cognitive Technologies, CTT's technological partners in the area of wireless network infrastructures and digital signage, with the proposal of an integrated offer for the digital shopping districts project within the scope of the Recovery and Resilience Program. Worthy of note is the growth of the Administrative Offences Management business and the start of several printing & finishing operations, namely with utilities clients. The development of the computer equipment catalogue continued, with the addition of more references, covering categories such as computers, tablets, televisions, printers or projectors.

Philately revenues in 1Q22 amounted to €1.1m, a year-on-year decrease of 5.6%.

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

In 1Q22, the average variation in prices of the universal postal service⁵ was 3.13% y.o.y.

Mail volumes

The **addressed mail** volumes decline, started in 4Q21, continued to slowdown (-5.2%) with a lower decrease recorded in 1Q22 (-3.7%). Excluding the effect of legislative elections in mail volumes, the decline would have been 4.4% y.o.y.

Mail volumes

	1Q21	1Q22	Δ	Δ%
Transactional mail	107.1	104.5	-2.5	-2.4%
Advertising mail	10.1	8.4	-1.7	-16.8%
Editorial mail	7.2	6.9	-0.3	-4.7%
Addressed mail	124.4	119.8	-4.6	-3.7%
Unaddressed mail	92.0	109.9	17.9	19.4%

Million items

In 1Q22, **transactional mail** volumes declined by 2.4% y.o.y, due to more marked declines in **international inbound mail** (-35.3% y.o.y) and **green mail** (-26.3%). The downward trend in **international inbound mail** observed since 2H21 continued in 1Q22 due to the entry into force as of 1 July 2021 of the abolition of the VAT exemption on postal items below €22 ("*de minimis*"), leading to the need for customs clearance of all items of extra-EU origin containing goods, which resulted in an increase in customs transit times.

In the opposite direction, **registered mail** grew (+1.8% y.o.y), driven by the dynamics of contractual customers, especially the government and services sector, as did **international inbound mail** (+17.9% y.o.y), impacted by the effect of the rerun of the elections in the European constituency. Excluding this effect, there would have been a decrease of 4.6% y.o.y.

In 1Q22, **unaddressed advertising mail** volumes increased by 19.4% and **addressed advertising mail** decreased by 16.8%. The Use Cases campaign was launched aimed at boosting the advertising offer to online customers, to promote trial of the advertising solutions and help customers increase sales.

Express & Parcels

Express & Parcels **revenues** amounted to €61.3m in 1Q22, a year-on-year decrease of €2.1m (-3.3%).

In the **Iberian market**, revenues stood at €60.5m, corresponding to a year-on-year decline of 3.5%, and volumes totaled 17.7 million items (-2.9% y.o.y).

In 1Q22 **revenues in Portugal** recorded €31.0m, a decrease of 11.8% y.o.y, and volumes totaled 7.6 million items (-10.8% y.o.y).

CEP revenues amounted to €27.6m in 1Q22 (-9.6% y.o.y). This business was impacted by a difficult comparable to 1Q21. In fact, 1Q21 was a quarter affected by the non-structural effect of the restrictions associated with the COVID-19 pandemic, particularly the second lockdown, which strongly boosted the e-commerce activity. It is important to note that despite this lesser momentum in the e-commerce market, 1Q22 volumes are about 50% higher than in the same period of the pre-pandemic year (2020). This shows that much of the growth experienced during the last 2 years has been structural, with the slowdown felt at this stage being the natural adjustment from the transitory component experienced during the COVID-19 pandemic. Additionally, e-commerce activity, as well as the level of consumer confidence in general, are still being penalized by the uncertainty associated with the rising inflation and sharp increases in fuel prices, as well as the military conflict between Russia and Ukraine that, in addition to

⁵ Including letter mail, editorial mail and parcels of the universal postal service, excluding international inbound mail.

generating macroeconomic uncertainty, has hampered the functioning of logistics chains, particularly those originating from Asia.

Revenues of the **cargo** product line amounted to €1.4m (-44.4% y.o.y), a reduction related to the change in the operating strategy, which aimed to find a solution to position this product line at positive margin levels. A partnership was established specializing in this type of product, which led to commercial renegotiations with some customers and the abandonment of the tire distribution business. This had a penalizing effect on revenues, but a positive effect in terms of margin.

The **banking** documents delivery product line closed the quarter with revenues of €1.1m (-9.3% y.o.y) and remained under pressure in a context of continued reduction of the capillarity of banking networks, as well as of lower collection/delivery frequency. This is a product line where pressure on revenues will persist.

The **logistics** product line presented revenues of €0.7m (+19.0% y.o.y), a growth was based on attracting new customers, and on an agreement to carry out the full logistical operation of computers and peripherals supply to Portuguese schools. The outlook for this product line is positive, as some major contracts have been renewed.

CTT continued to roll out its **24-hour Locker** strategy to both the general public and private premises (both residential and corporate), as well as Click&Collect. These allow clients to pick up their parcels with maximum convenience, 24 hours a day, every day of the week (24/7). As at the end of March 2022, CTT's parcel locker network comprised 210 lockers in various locations around the country, namely in hospitals, intermodal transport platforms, shopping centres, university campuses, physical retail networks, parking lots, gas stations or, in the case of private lockers, in condominiums and in office/business areas. In late 2021, CTT entered into a partnership with Zongteng Group for the establishment of a joint venture to manage and develop the 24-hour Lockers business in the Iberian Peninsula, aiming to install about 1,000 lockers in Portugal by the end of 2022.

Revenues in Spain stood at €29.5m in 1Q22, an increase of 7.1% y.o.y. Volumes totaled 10.1 million items (+3.9% y.o.y).

CTT Express maintained its growth trajectory despite the situation experienced in Spain in the months of February and March related to the carriers' strike and the retraction of consumer confidence levels observed in Spain due to inflationary pressure and geopolitical tensions. This reflects customer confidence, and the Company's capacity and flexibility to meet any need with high service quality standards, reinforcing the market share gain strategy that has been carried out since 2019.

The strategy of investing in technology and innovation continues, as well as the start-up of new own delivery offices during this year that will allow the Company to move forward in its commitment to Iberian growth. Noticeably, in the quarter, CTT Express continued to outperform the market.

The Company continues to work towards its goal of becoming the leader in the Iberian express parcel market and, during this first quarter, new products and services were launched, such as easy return, which make it easier for recipients to return their purchases online paperless and without the need to leave home.

Revenues in Mozambique in 1Q22 stood at €0.8m, growing by 13.4% y.o.y. The growth achieved was supported by the partnership with a freight forwarder in Africa. 1Q22 was marked by several factors, such as the international economic environment associated with the Russia/Ukraine military conflict, causing constraints in the global supply chain of goods, and the long-term effects of the COVID-19 pandemic.

Banco CTT

Banco CTT **revenues** reached €28.0m in 1Q22, an increase of €6.9m (+325% y.o.y).

Revenue growth was due to the positive performance of **net interest income**, which totaled €16.4m in 1Q22, €4.8m above 1Q21 (+42.0% y.o.y).

This growth was mainly driven by the partnership with Sonae Financial Services (which started in April 2021) whereby Banco CTT became the sole lender for the **Cartão Universo** consumer credit portfolio.

This business generated revenues of €4.6m in 1Q22, with a net balance sheet volume of €301.9m in March 2022, a growth of €9.8m (+3.4%) compared to December 2021.

Interest from **consumer credit** grew by €1.8m (+20.3% y.o.y) and **auto loans** reached a loan portfolio net of impairments of €671.9m (+3.6% vs. December 2021). Auto loans production stood at €60.3m in 1Q22 (+48.4% y.o.y).

Interest from **mortgage loans** recorded a year-on-year increase of 3.0%, with a €615.5m mortgage loan portfolio net of impairments (+3.5% vs. December 2021). Mortgage loan production amounted to €38.9m, a year-on-year growth of €2.6m (+7.1% y.o.y).

Commissions received in this business unit reached €10.6m, a year-on-year growth of €1.8m (+20.3% y.o.y). Worthy of note are the positive contributions of (i) commissions received regarding **accounts and cards**, which amounted to €2.7m (+€0.5m; +20.6% y.o.y), (ii) **savings products** (off-balance sheet), which totaled €1.1m (+€0.4m; +49.4% y.o.y) as a result of a net volume off-balance sheet of €787.3m, 11.1% above December 2021, (iii) **consumer credit** (off-balance sheet) amounting to €0.7m (+€0.3m; +58.2% y.o.y), and (iv) **payments**, which totaled €4.2m (+€0.3m; +8.4% y.o.y).

Banco CTT's good commercial performance continued to allow for growth in **customer deposits** to €2,173.6m (+2.4% vs. December 2021) and in the **number of accounts** to 576k (3k more than in December 2021).

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

Financial Services & Retail

Financial Services & Retail **revenues** amounted to €11.9m in 1Q22, representing a year-on-year decrease of €0.2m (-1.7% y.o.y).

Financial services (excluding other revenues) obtained revenues of €7.7m, a decrease of €0.7m (-8.2% y.o.y) driven by the results of the month of March, which fell by 27.6% y.o.y, broken down as follows:

- **Public debt certificates** (Savings Certificates and Treasury Certificates Savings Growth) posted revenues of €5.7m, which decreased by €0.9m (-13.6% y.o.y) compared to 1Q21.

Subscriptions of these certificates amounted to €1,164.3m, an average of €18.5m/day versus €19.2m/day in 1Q21. This was the result of the lower amounts of the securities maturing in March compared to the same month of the previous year, and therefore of the amounts that could be recaptured. This fact, combined with the instability of the international context, led to a 2.4% (-€28.2m) drop in subscriptions in 1Q22 when compared to 1Q21. This reduction impacted revenues by -€0.3m.

- Revenues originated by the **remaining savings and insurance products** amounted to €0.3m. The negative impact of the maturity of a part of the product portfolio continues to be offset by a broader offer, which was reinforced as from 1H21, aiming to diversify savings in the customer base. In 2H21, placements amounted to €43.7m, and in 1Q22 to €31.6m.
- **Money orders** revenues reached €1.4m, close to the levels achieved in the same period of the previous year (-2.7% y.o.y). The additional issues of other social benefits, created under the current macroeconomic framework, have contributed to mitigate the structural decline associated with the substitution of this means of payment.
- **CTT payment services** posted revenues of €0.2m in 1Q22, growing by 5.0% y.o.y.

Retail products and services (excluding other revenues) reached revenues of €4.1m in 1Q22, an increase of €0.5m (+13.4% y.o.y), boosted by the distribution of social gambling (+30.5%) and by the allowance for air transport of the islands (+146.3%). On the contrary, merchandising products' revenues decreased by 54.3% when compared to 1Q21, but new alternative offers are expected to be introduced in 2Q22 in order to boost sales in this business line.

In strategic terms, CTT has been reinforcing its positioning in the retail segment through a more robust, more regular and more comprehensive offer in the Retail network and CTT points, promoting recurrent and impulse buying.

Operating costs

Operating costs totaled €225.4m, a year-on-year growth of €35.9m (+19.0% y.o.y).

Operating costs				
€ million				
	1Q21	1Q22	Δ	Δ%
Staff costs	89.2	91.8	2.6	2.9%
ES&S	75.7	85.3	9.7	12.8%
Impairments & provisions	2.4	5.7	3.4	142.1%
Other costs	9.0	29.9	20.8	»
Operating costs (EBITDA)⁶	176.3	212.7	36.4	20.7%
Depreciation & amortization	14.0	15.4	1.4	9.8%
Specific items	-0.8	-2.7	-1.9	«
Corporate restructuring costs and strategic projects	0.6	0.7	0.1	18.6%
Other non-recurring revenues and costs	-1.4	-3.4	-2.0	-140.3%
Operating costs	189.4	225.4	35.9	19.0%

Staff costs increased by €2.6m (+2.9% y.o.y) in 1Q22, essentially in the Mail & Other business unit (+€2.6m y.o.y), due to the acquisition of NewSpring Services (+€3.1m), and in Banco CTT (+€0.6m y.o.y) due to increased commercial activity and team reinforcement in the wake of the partnership with Sonae Financial Services. This growth was partly offset by the remaining business units (-€0.6m y.o.y). Excluding the change in the consolidation perimeter, these costs would have declined by €0.5m, as a result of the measures taken to increase productivity and the focus on operating efficiency.

External supplies & services costs increased by €9.7m (+12.8% y.o.y), both due to the inorganic effect of the acquisition of NewSpring Services (+€1.9m y.o.y), and to business growth, with emphasis on: direct costs, impacted by the effect of legislative elections (+€3.3m), business solutions growth (+€0.9m y.o.y), temporary work (+€1.1m y.o.y), as well as physical and technological resources (+€2.3m y.o.y).

Impairments and provisions increased by €3.4m in 1Q22 (+142% y.o.y), as a result of the growth in the auto loan portfolio and the Universo credit card.

Other costs grew by €20.8m (+231% y.o.y), mainly in the Mail & Other business unit due to the growth of business solutions (+€20.7m y.o.y in connection with the laptop sale project referred to above).

Depreciation & amortization increased by €1.4m (+9.8% y.o.y), as a result of investment carried out in IT systems (+€0.8m y.o.y) and postal equipment (+€0.1m y.o.y) partially offset by new building and vehicle lease contracts which impacted amortization (+€0.5m y.o.y), due to the IFRS 16 accounting standard.

Specific items amounted to -€2.7m, due to: (i) gross gain from the appreciation of a contracted derivative (-€3.6m y.o.y); (ii) costs related to the COVID-19 pandemic (+€0.2m y.o.y); (iii) restructuring costs, particularly related with suspension agreements of employment contracts (+€0.2m y.o.y); and (iv) strategic projects (+€0.4m y.o.y).

The valuation of the derivative in the amount of €3.6m, as mentioned above, is the result of the MTM (Mark to Market) of the interest rate derivative in the form of a Cap Agreement, associated with the Ulisses 2 securitization operation. The derivative envisages the hedge of the interest rate for the tranches issued, with a predetermined repayment plan and a strike price of 1.5%. Its MTM appreciation resulted only from the prospects of future evolution of market rates.

⁶ From 2021 onwards, operating costs (EBITDA) include impairments and provisions as well as the impact of the leases covered by IFRS 16 and presented pursuant to this standard.

Staff

As at 31 March 2022, the CTT headcount (permanent and fixed-term staff) consisted of 12,569, an increase of 473 (+3.9%) compared to 31 March 2021. These figures incorporate the inorganic effect of NewSpring Services which had an impact of +819 employees. Excluding this effect, the number of staff would be 11,750, corresponding to a year-on-year decrease of 344 (-2.8% y.o.y).

Headcount

	31.03.2021	31.03.2022	Δ	Δ%
Mail & Other	10,259	10,774	515	5.0%
Express & Parcels	1,360	1,305	-55	-4.0%
Banco CTT	443	460	17	3.8%
Financial Services & Retail	34	30	-4	-11.8%
Total, of which:	12,096	12,569	473	3.9%
Permanent	10,819	11,360	541	5.0%
Fixed-term contracts	1,277	1,209	-68	-5.3%
Portugal	11,452	11,898	446	3.9%
Other geographies	644	671	27	4.2%

Excluding the inorganic effect, there was a decrease in the number of staff in almost all business units, especially in Mail & Other (-304) where projects to increase the productivity of operations are ongoing, which have adapted the network to the new profile of the mail flows and reduced the need for additional hiring, as well as the HR optimization program underway mainly in the central structure.

Together, the areas of operations and distribution within the mail network (5,607 employees, of whom 4,230 are delivery postmen and women) and the retail network (2,345 employees) represented circa 70.0% of CTT's permanent staff. Excluding the integration of NewSpring Services, this staff would represent 72.9%.

Recurring EBIT

Recurring EBIT stood at €6.7m in 1Q22, decreasing by €8.4m (-55.7% y.o.y), with a margin of 2.8% (7.3% in 1Q21).

This performance was due to the decline in EBIT in the various business units, except Banco CTT (+€2.0m; +142.5% y.o.y), with greater expression in Mail & Other (-€8.2m y.o.y) due to the decline in higher-value and higher-margin mail volumes and the costs associated with the capacity building of the distribution network for the structural growth of e-commerce that is anticipated in the Iberian market.

Recurring EBIT by business unit

	1Q21	1Q22	Δ	Δ%
Recurring EBIT by business unit	15.0	6.7	-8.4	-55.7%
Mail & Other	4.9	-3.3	-8.2	«
Mail	18.5	10.8	-7.8	-41.9%
Central structure	-13.6	-14.1	-0.5	-3.4%
Express & Parcels	2.5	1.3	-1.2	-47.4%
Banco CTT	1.4	3.4	2.0	142.5%
Financial Services & Retail	6.2	5.2	-0.9	-15.3%

Financial Results and Net Profit

Consolidated financial results amounted to -€2.1m, corresponding to an improvement of €0.5m (+19.2% y.o.y).

Financial Results

	1Q21	1Q22	Δ	Δ%
				€ million
Financial results	-2.6	-2.1	0.5	19.2%
Financial income, net	-2.1	-2.1	0.1	2.5%
Financial costs and losses	-2.1	-2.2	-0.1	-2.5%
Financial income	0.0	0.1	0.1	»
Gains/losses in subsidiaries, associated companies and joint ventures	-0.5	-0.0	0.5	91.7%

Financial costs and losses incurred amounted to €2.2m, mainly incorporating financial costs related to post-employment and long-term employee benefits of €1.0m, interest expense associated to finance leases liabilities linked to the implementation of IFRS 16 for an amount of €0.7m and interest expense on bank loans for an amount of €0.4m.

In 1Q22, CTT obtained a **consolidated net profit** attributable to equity holders of €5.4m, which is €3.3m below 1Q21, negatively impacted by the evolution of EBIT (-€6.5m y.o.y) and positively by financial results (+€0.5m y.o.y) and by the corporate income tax for the period (-€2.7m y.o.y).

Investment

Capex stood at €5.9m in 1Q22, 0.8% more (+€0.04m y.o.y) than in 1Q21.

Although the same level of investment was achieved in this quarter, the Company increased its investment in IT systems to support the Bank's business (+€0.2m y.o.y) and in the implementation of the platform to support the locker business (+€0.2m y.o.y). On the other hand, there was a decrease in other business units (-€0.3m y.o.y).

Cash flow

In 1Q22, the Company generated an operating **cash flow** of €10.4m, a year-on-year decrease of €2.5m (-19.3%).

Cash flow

	1Q21	1Q22	Δ	Δ%
	€ million			
EBITDA	29.1	22.0	-7.0	-24.1%
Non-cash items*	-5.0	-2.3	2.8	55.3%
Specific items **	0.8	2.7	1.9	219.6%
Capex	-5.9	-5.9	-0.0	-0.8%
Δ Working capital	-6.1	-6.2	-0.1	-1.1%
Operating cash flow	12.8	10.4	-2.5	-19.3%
Employee benefits	-3.1	-4.2	-1.1	-33.8%
Tax	0.2	0.0	-0.2	-86.4%
Free cash flow	9.9	6.2	-3.7	-37.4%
Debt (principal + interest)	-0.3	-4.0	-3.7	«
Acquisition of own shares	0.0	-1.6	-1.6	-
Disposal of buildings	0.0	0.0	0.0	-
Change in adjusted cash	9.7	0.6	-9.1	-93.6%
Δ Liabilities related to Financial Serv. & others and Banco CTT, net ⁷	31.4	-118.2	-149.6	«
Δ Other ⁸	-0.7	5.8	6.6	»
Net change in cash	40.4	-111.7	-152.1	«

*Impairments, Provisions and IFRS 16 affecting EBITDA.

**Specific items affecting EBITDA.

The negative evolution of the operating cash flow in 1Q22 resulted mainly from the performance of EBITDA, which was strongly impacted by the negative performance of the Mail business area when compared to the same period of the previous year. The €10.4m operating cash flow in 1Q22 is largely explained by an efficient management of working capital related to EBITDA, which was offset by the payments in this quarter related to the investment made in 4Q21.

Consolidated Balance sheet

Consolidated Balance sheet

	31.12.2021	31.03.2022	Δ	Δ%
	€ million			
Non-current assets	1,970.3	2,048.8	78.5	4.0%
Current assets	1,614.9	1,552.0	-62.8	-3.9%
Assets	3,585.2	3,600.9	15.7	0.4%
Equity	174.5	178.4	3.8	2.2%
Liabilities	3,410.7	3,422.5	11.9	0.3%
Non-current liabilities	705.3	705.7	0.4	0.1%
Current liabilities	2,705.4	2,716.8	11.4	0.4%
Equity and consolidated liabilities	3,585.2	3,600.9	15.7	0.4%

⁷ The change in net liabilities of Financial Services & Retail and Banco CTT reflects the evolution of credit balances with third parties, depositors or other banking financial liabilities, net of the amounts invested in credit or investments in securities / banking financial assets, of entities of the CTT Group providing financial services, namely the financial services of CTT, Payshop, Banco CTT and 321 Crédito.

⁸ The change in other cash items reflects the evolution of Banco CTT's sight deposits at Bank of Portugal, outstanding cheques / clearing of Banco CTT cheques, and impairment of sight and term deposits and bank applications.

The key aspects of the comparison between the **consolidated balance sheet** as at 31.03.2022 and that as at 31.12.2021 are as follows:

- **Assets** grew by €15.7m, mostly due to the growth in credit to banking clients (+€53.2m), especially auto loans and credit cards, as well as to the increase in investments in securities at amortized cost (+€45.3m), investments in assets at fair value through profit or loss (+€3.8m) and accounts receivable (+€20.9m) as a result of the increased invoicing in the scope of business solutions. These increases were partly attenuated by the decrease in cash and cash equivalents (-€111.7m) as a result of the reduction in cash associated with tax receipts and investments in securities by Banco CTT.
- **Equity** increased by €3.8m following the net profit attributable to shareholders of the CTT Group in 1Q22 in the amount of €5.4m and the increase in reserves as a result of the constitution of the reserve associated with the share plan (€0.4m). In the opposite direction, there was the acquisition of own shares in the amount of €2.0m.
- **Liabilities** increased by €11.9m, underpinned by the increase in banking clients' deposits and other loans (+€44.9m), the increase of debt by €6.7m due to increased lease liabilities, other banking financial liabilities (+€3.8m) and other current liabilities (+€5.3m) in the wake of the increment in holiday accrual, holiday and Christmas bonuses. On the contrary, there was a decrease in accounts payable (-€50.3m) mainly as a result of the reduction in the amounts associated with tax receipts.

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

	31.12.2021	31.03.2022	Δ	Δ%
				€ million
Non-current assets	680.2	686.4	6.3	0.9%
Current assets	454.9	413.1	-41.8	-9.2%
Assets	1,135.0	1,099.5	-35.5	-3.1%
Equity	173.9	174.8	0.9	0.5%
Liabilities	961.1	924.7	-36.4	-3.8%
Non-current liabilities	422.5	425.9	3.3	0.8%
Current liabilities	538.6	498.9	-39.7	-7.4%
Equity and consolidated liabilities	1,135.0	1,099.5	-35.5	-3.1%

Liabilities related to employee benefits (post-employment and long-term benefits) stood at €282.8m in March 2022, down €0.3m compared to December 2021, broken down as specified in the table below:

Liabilities related to employee benefits

	31.12.2021	31.03.2022	Δ	Δ%
				€ million
Total liabilities	283.1	282.8	-0.3	-0.1%
Healthcare	263.5	262.2	-1.3	-0.5%
Healthcare (321 Crédito)	1.5	1.5	0.0	2.2%
Suspension agreements	9.5	10.0	0.5	5.2%
Other long-term employee benefits	6.5	6.5	-0.1	-1.1%
Other long-term benefits (321 Crédito)	0.2	0.2	0.0	2.2%
Pension plan	0.3	0.3	-0.0	-2.0%
Other benefits	1.6	2.2	0.5	33.3%
Deferred tax assets	-78.6	-78.7	-0.2	-0.2%
Current amount of after-tax liabilities	204.5	204.0	-0.5	-0.2%

These liabilities related to employee benefits are associated with deferred tax assets amounting to €78.7m, which brings the current amount of liabilities related to employee benefits net of deferred tax assets associated with them to €204.0m.

Consolidated net debt

Consolidated net debt

	31.12.2021	31.03.2022	Δ	Δ%
	€ million			
Net debt	58.9	64.9	6.1	10.3%
ST & LT debt	201.1	207.8	6.7	3.3%
of which Finance leases (IFRS16)	115.3	121.6	6.4	5.5%
Adjusted cash (I+II)	142.3	142.9	0.6	0.4%
Cash & cash equivalents	877.9	766.2	-111.7	-12.7%
Cash & cash equivalents at the end of the period (I)	857.0	739.4	-117.5	-13.7%
Other cash items	20.9	26.8	5.8	27.9%
Other Financial Services liabilities, net (II)	-714.7	-596.5	118.2	16.5%

The key aspects of the comparison between the **consolidated net debt** as at 31.03.2022 and that as at 31.12.2021, are as follows:

- **Adjusted cash** increased by €0.6m, as the positive performance of the operating cash flow (+€10.4m) offset the payment of employee benefits (-€4.2m), debt service (-€4.0m) and the acquisition of own shares (-€1.6m).
- **Short-term & long-term debt** increased by €6.7m essentially due to the increase in lease liabilities.

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

Consolidated net debt with Banco CTT under equity method

	31.12.2021	31.03.2022	Δ	Δ%
	€ million			
Net debt with Banco CTT under equity method	182.4	189.9	7.5	4.1%
ST & LT debt	198.5	205.3	6.8	3.4%
of which Finance leases (IFRS16)	112.6	119.2	6.5	5.8%
Adjusted cash (I+II)	16.1	15.4	-0.7	-4.2%
Cash & cash equivalents	215.2	154.8	-60.4	-28.1%
Cash & cash equivalents at the end of the period (I)	215.2	154.8	-60.4	-28.1%
Other cash items	-0.0	-0.0	-0.0	73.6%
Other Financial Services liabilities, net (II)	-199.1	-139.3	59.7	30.0%

2. Other Highlights

REGULATORY ISSUES

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

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

While some impacts of the pandemic still persisted, CTT continued to periodically submit updates on the status of the **postal network** to the Government, as a counterparty in the agreement, and to ANACOM,

the regulatory authority responsible for overseeing the provision of the universal postal service, until 21 February 2022.

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

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

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

ESG

Natural Capital

- **Paper shreds** – This is a circular economy pilot project, implemented in five CTT post offices. The goal is to provide customers with paper shreds 100% made from waste paper from our buildings so that they can package their parcels free of charge.
- **Deposit your mask here** – Given the good reaction of CTT employees, in 2022, this action was extended to more buildings. This innovative circular economy project aims to reduce the environmental impact associated with the use of COVID-19 pandemic protection masks by transforming them into a plastic compound (polypropylene) that allows their reuse for various purposes. In 2021, around 6,000 masks used in CTT's operational areas were collected, which contributed towards the production of around 3,200 small Christmas decorations given to the employees in these areas.
- **“Merece Program, Corporate Movement for the Recycling of Cards with Electronic Components”** – Banco CTT collected the first 15 kg of obsolete banking cards. Through this initiative, the Bank prevents their electronic components from contaminating the environment. In addition to giving a new life to cards, transforming them into street furniture, for each kilogram of cards collected a tree is planted and its maintenance ensured for 5 years, thus offsetting the emissions generated. Banco CTT thus began planting the first 15 trees in the Sintra-Cascais Natural Park.
- **Planting “A Tree for the Forest”** – On 25 and 28 February, 6,000 native trees were planted at Mata da Machada, in Barreiro, within an action promoted by CTT and Quercus. The planting corresponds to the number of kits acquired in the scope of the 8th edition of the “A Tree for the Forest” campaign and was attended by more than 500 people who volunteered to participate.
- **Electric vehicles** – In 1T22, 71 new electric vehicles started operating in delivery offices throughout the country. This significant allocation of electric vehicles made it possible to ensure a 100% electric fleet in a second delivery office: Arroios (Lisbon). Together with the vehicles, 50 chargers were received and expressly placed to serve these vehicles.
- **Energy efficiency**– Under a partnership with the Portuguese company LMIT, CTT has wisemeters installed in 46 buildings, which represent more than 55% of the total consumption of its real estate. In the first months of the year, wisemeters were installed in Évora and in the CTT Expresso logistics center in Viseu. These systems for controlling and acting on energy consumption aim to optimize energy consumption through remote monitoring and intervention, in order to, for example, regulate the times of use of lighting and other appliances.

Social Capital

- **Help for the People of Ukraine** – CTT joined the wave of solidarity motivated by the war in Ukraine and launched, in early March, a campaign to collect goods in its post offices. The campaign was a huge success, with about 40 tons of goods received. The driving force behind the initiative was provided by two Ukrainian employees and the difficult mission of sorting and preparing the goods for shipment was the responsibility of a team of CTT volunteers both from the Famões facilities, which handle international shipments, and from CTT's existing volunteer pool.
- **Sales “A Tree for the Forest”** – The edition of the project in which the 100,000-kit mark was reached since it began 8 years ago reported a great sales success, with the stock of 6,500 physical kits being sold out before the end of March.
- **EPIS** – The reference project to support students in situations of school failure was launched for another three-year edition, with a new group of 16 students to be individually tutored by CTT mentors. In addition, a group of trainees, accompanied by some other employees, volunteered to monitor the studies of these students, with tutoring in Portuguese, Mathematics and English.

Human Capital

- **Michelin competition** – A pastime was launched, in conjunction with Michelin, aimed at CTT's operational areas. It was the first time that a competition exclusively for operational areas was conceived and carried out. These areas are often limited in their participation in this type of internal initiatives due to their location or working hours.
- **Certification EFR** (Family-Responsible Enterprise) – An internal survey was launched aimed at CTT workers to collect their opinions on the issues of conciliation between family, personal and professional life. This was the first public step taken to present this initiative to all CTT employees.
- **“Green Planet” Training** – By the end of the first quarter, 574 employees from the Central Services (47% of the total population covered), completed the "Green Planet" training, disseminated in the distance learning modality. It is a course to raise awareness of environmental issues and was produced internally, in a partnership between the CTT Academy, of the People and Culture Department, and the Sustainability Department.

OUTLOOK FOR 2022

We continue to build capacity to cope with anticipated future demand, while preserving operational flexibility to adjust, if required.

We believe that the commercial and marketing initiatives should improve customer intake, especially in Express and Parcels, in Spain and Portugal, and in Business Services. Additionally, the profitability measures, namely in operations and in central structure, have been intensified and will deliver results as from 2H22.

It should be underlined that EBIT generation improved throughout 1Q22, as 81% of recurring EBIT in the quarter was generated in March. On another note, previously identified risks, as at the date of the announcement of the FY earnings, in the guidance disclosure, remain active and 2Q22 will still be penalized by macroeconomic factors when compared with March 22 run-rate.

Against this backdrop and notwithstanding a difficult environment, which increases execution risk, we remain committed to achieving FY22 EBIT within €65-75m.

3. Subsequent Events

The Annual General Meeting held on 21 April 2022, passed a resolution that approved a reduction in share capital of up to €2,325,000 for the purpose of releasing excess capital, by means of cancellation of up to 4,650,000 shares representing up to 3.1% of the share capital already acquired or to be acquired in connection with a share buyback program, as well as on related reserves, with the corresponding amendment to paragraphs 1 and 2 of article 4 of the Articles of Association.



Final Note

This press release is based on CTT – Correios de Portugal, S.A. interim condensed consolidated financial statements for the three months of 2022, which are attached hereto.

Lisbon, 5 May 2022

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>

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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.



3 months report 2022

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 2021 AND 31 MARCH 2022

Euros

	NOTES	31.12.2021	Unaudited 31.03.2022
ASSETS			
Non-current assets			
Tangible fixed assets	4	296,287,578	301,332,730
Investment properties	6	6,327,424	6,274,277
Intangible assets	5	63,507,247	62,640,681
Goodwill		81,471,314	81,471,314
Investments in associated companies		481	481
Investments in joint ventures		17,992	—
Other investments		311,684	311,684
Financial assets at fair value through profit or loss		2,261,947	5,890,053
Debt securities at fair value through other comprehensive income	8	4,906,841	—
Debt securities at amortized cost	8	294,986,658	332,531,349
Other non-current assets		1,772,136	1,506,525
Credit to banking clients	10	1,125,984,322	1,165,418,373
Other banking financial assets	9	5,237,710	4,116,119
Deferred tax assets	25	87,255,087	87,334,376
Total non-current assets		1,970,328,421	2,048,827,962
Current assets			
Inventories		6,872,274	7,361,146
Accounts receivable		160,930,050	181,858,723
Credit to banking clients	10	415,924,171	429,696,820
Income taxes receivable		8,268	8,268
Prepayments	11	8,725,934	11,103,156
Financial assets at fair value through profit or loss		24,999,138	25,176,625
Debt securities at fair value through other comprehensive income	8	1,188,069	5,766,426
Debt securities at amortized cost	8	39,173,861	46,952,762
Other current assets		68,848,382	64,622,119
Other banking financial assets	9	9,721,536	12,804,726
Cash and cash equivalents	12	877,872,696	766,185,991
		1,614,264,378	1,551,536,762
Non-current assets held for sale		605,798	503,110
Total current assets		1,614,870,176	1,552,039,872
Total assets		3,585,198,598	3,600,867,834
EQUITY AND LIABILITIES			
Equity			
Share capital	14	75,000,000	75,000,000
Own shares	15	(6,404,963)	(8,441,966)
Reserves	15	67,078,351	67,481,953
Retained earnings	15	43,904,074	82,327,579
Other changes in equity	15	(43,998,612)	(43,998,612)
Net profit		38,404,113	5,388,750
Equity attributable to equity holders		173,982,963	177,757,704
Non-controlling interests		563,106	606,349
Total equity		174,546,069	178,364,053
Liabilities			
Non-current liabilities			
Medium and long term debt	18	149,336,438	154,204,946
Employee benefits		260,805,742	260,387,697
Provisions	19	14,679,520	13,972,186
Prepayments	11	272,088	269,288
Other banking financial liabilities	9	277,760,616	273,526,576
Deferred tax liabilities	25	2,427,513	3,346,620
Total non-current liabilities		705,281,916	705,707,313
Current liabilities			
Accounts payable	20	350,304,332	299,976,105
Banking clients' deposits and other loans	21	2,121,511,345	2,166,423,234
Employee benefits		21,090,144	20,777,128
Income taxes payable	22	11,611,897	12,621,072
Short term debt	18	51,783,012	53,593,915
Prepayments	11	3,452,240	4,473,149
Other current liabilities		118,594,781	123,904,967
Other banking financial liabilities	9	27,022,862	35,026,898
Total current liabilities		2,705,370,613	2,716,796,468
Total liabilities		3,410,652,529	3,422,503,781
Total equity and liabilities		3,585,198,598	3,600,867,834

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

CTT-CORREIOS DE PORTUGAL, S.A.
CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTH PERIODS ENDED 31 MARCH 2021 AND 31 MARCH 2022

Euros

	NOTES	Unaudited 31.03.2021	Unaudited 31.03.2022
Sales and services rendered	3	186,282,196	209,578,237
Financial margin		11,558,405	16,407,396
Other operating income		7,486,351	8,759,838
		205,326,952	234,745,471
Cost of sales		(4,964,495)	(25,473,870)
External supplies and services		(76,776,653)	(85,939,317)
Staff costs	23	(89,337,208)	(92,018,805)
Impairment of accounts receivable, net		(851,897)	(1,281,248)
Impairment of other financial banking assets		(1,417,027)	(3,780,615)
Provisions, net	19	(93,597)	(658,302)
Depreciation/amortization and impairment of investments, net		(14,003,235)	(15,379,662)
Net gains/(losses) of assets and liabilities at fair value through profit or loss		—	3,805,592
Gains / (losses) on derecognition of financial assets and liabilities at amortized cost		2,210,811	—
Other operating costs		(4,215,242)	(4,695,853)
Gains/losses on disposal of assets		16,437	44,392
		(189,432,106)	(225,377,688)
		15,894,846	9,367,783
Interest expenses	24	(2,146,675)	(2,199,332)
Interest income	24	5,986	111,114
Gains/losses in subsidiary, associated companies and joint ventures		(492,581)	(40,649)
		(2,633,270)	(2,128,867)
Earnings before taxes		13,261,576	7,238,916
Income tax for the period	25	(4,528,025)	(1,826,317)
Net profit for the period		8,733,551	5,412,599
Net profit for the period attributable to:			
Equity holders		8,700,423	5,388,750
Non-controlling interests		33,127	23,851
Earnings per share:	17	0.06	0.04

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

CTT-CORREIOS DE PORTUGAL, S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTH PERIODS ENDED 31 MARCH 2021 AND 31 MARCH 2022

Euros

	NOTES	Unaudited 31.03.2021	Unaudited 31.03.2022
Net profit for the period		8,733,550	5,412,601
Adjustments from application of the equity method (non re-classifiable adjustment to profit and loss)	15	5,189	19,392
Changes to fair value reserves	15	245	(1,398)
Other changes in equity		5,189	19,392
Other comprehensive income for the period after taxes		10,623	37,386
Comprehensive income for the period		8,744,173	5,449,987
Attributable to non-controlling interests		38,315	43,243
Attributable to shareholders of CTT		8,705,858	5,406,744

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

CTT-CORREIOS DE PORTUGAL, S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2021 AND 31 MARCH 2022

Euros

	NOTES	Share capital	Own Shares	Reserves	Other changes in equity	Retained earnings	Net profit for the year	Non-controlling interests	Total
Balance on 31 December 2020		75,000,000	(8)	65,919,935	(47,600,236)	39,962,419	16,669,309	323,675	150,275,094
Appropriation of net profit for the year of 2020		—	—	—	—	16,669,309	(16,669,309)	—	—
Dividends		—	—	—	—	(12,750,000)	—	—	(12,750,000)
Acquisition of own shares	15	—	(6,404,954)	—	—	—	—	—	(6,404,954)
Share plan	15	—	—	1,215,000	—	—	—	—	1,215,000
		—	(6,404,954)	1,215,000	—	3,919,309	(16,669,309)	—	(17,939,954)
Other movements	15	—	—	—	—	—	—	52,242	52,242
Actuarial gains/losses - Health Care, net from deferred taxes	15	—	—	—	3,601,623	—	—	—	3,601,623
Changes to fair value reserves	15	—	—	(56,584)	—	—	—	—	(56,584)
Adjustments from the application of the equity method	15	—	—	—	—	22,345	—	—	22,345
Net profit for the period		—	—	—	—	—	38,404,113	187,190	38,591,303
Comprehensive income for the period		—	—	(56,584)	3,601,623	22,345	38,404,113	239,431	42,210,930
Balance on 31 December 2021		75,000,000	(6,404,963)	67,078,351	(43,998,612)	43,904,074	38,404,113	563,106	174,546,069
Appropriation of net profit for the year of 2021		—	—	—	—	38,404,113	(38,404,113)	—	—
Dividends		—	—	—	—	—	—	—	—
Acquisition of own shares	15	—	(2,037,003)	—	—	—	—	—	(2,037,003)
Share plan	15	—	—	405,000	—	—	—	—	405,000
		—	(2,037,003)	405,000	—	38,404,113	(38,404,113)	—	(1,632,003)
Other movements	15	—	—	—	—	—	—	19,392	19,392
Changes to fair value reserves	15	—	—	(1,398)	—	—	—	—	(1,398)
Adjustments from the application of the equity method	15	—	—	—	—	19,392	—	—	19,392
Net profit for the period		—	—	—	—	—	5,388,750	23,851	5,412,601
Comprehensive income for the period		—	—	(1,398)	—	19,392	5,388,750	43,243	5,449,987
Balance on 31 March 2022		75,000,000	(8,441,966)	67,481,953	(43,998,612)	82,327,579	5,388,750	606,349	178,364,053

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

CTT-CORREIOS DE PORTUGAL, S.A.
CONSOLIDATED AND INDIVIDUAL CASH FLOW STATEMENT FOR THE THREE MONTH PERIODS ENDED 31 MARCH 2021 AND 31 MARCH 2022

Euros

	NOTES	Unaudited	Unaudited
		31.03.2021	31.03.2022
Cash flow from operating activities			
Collections from customers		174,785,584	208,445,349
Payments to suppliers		(90,526,442)	(123,965,452)
Payments to employees		(71,374,011)	(72,504,968)
Banking customer deposits		108,980,349	44,920,394
Credit to bank clients		(34,111,022)	(52,144,212)
Cash flow generated by operations		87,754,459	4,751,111
Payments/receivables of income taxes		230,297	31,238
Other receivables/payments		(38,169,898)	(45,418,458)
Cash flow from operating activities (1)		49,814,857	(40,636,110)
Cash flow from Investing activities			
Receivables resulting from:			
Tangible fixed assets		78,750	3,360
Financial investments		—	2
Investment in securities at fair value through other comprehensive income	8	2,028,059	1,470,500
Investment in securities at amortized cost	8	34,458,564	187,881,491
Other banking financial assets	9	26,770,000	2,335,000
Interest income		10,178	16,917
Payments resulting from:			
Tangible fixed assets		(5,116,682)	(4,466,844)
Intangible assets		(4,127,028)	(7,075,478)
Investment in securities at fair value through other comprehensive income	8	—	(1,146,911)
Investment in securities at amortized cost	8	(23,650,000)	(233,643,726)
Demand deposits at Bank of Portugal		(1,123,500)	(1,325,700)
Other banking financial assets	9	(24,800,000)	(3,250,000)
Loans granted			
Cash flow from investing activities (2)		4,528,341	(59,201,389)
Cash flow from financing activities			
Receivables resulting from:			
Loans obtained	18	3,713,901	33,934,486
Payments resulting from:			
Loans repaid	18	(3,729,908)	(34,189,027)
Other credit institutions' deposits			
Interest expenses		(244,625)	(101,654)
Confirming	18	—	(3,636,486)
Lease liabilities	18	(7,443,849)	(7,990,527)
Acquisition of own shares		—	(1,628,781)
Other banking financial liabilities	9	(5,500,582)	(4,081,971)
Cash flow from financing activities (3)		(13,205,063)	(17,693,960)
Net change in cash and cash equivalents (1+2+3)		41,138,135	(117,531,459)
Cash and equivalents at the beginning of the period		498,826,782	856,957,546
Cash and cash equivalents at the end of the period	12	539,964,917	739,426,088
Cash and cash equivalents at the end of the period			
Sight deposits at Bank of Portugal		16,919,100	21,263,500
Outstanding checks of Banco CTT / Checks clearing of Banco CTT		1,725,533	5,503,166
Impairment of slight and term deposits		(8,594)	(6,762)
Cash and cash equivalents (Balance sheet)		558,600,956.00	766,185,991

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

CTT – CORREIOS DE PORTUGAL, S.A.

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

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1. Introduction

CTT – Correios de Portugal, S.A. (“CTT” or “Company”), with head office at Avenida D. João II, no. 13, 1999-001 in Lisbon, had its origin in the “Administração Geral dos Correios Telégrafos e Telefones” government department and its legal form is the result of successive re-organizations carried out by the Portuguese state business sector in the communications area.

Decree-Law no. 49.368, of 10 November 1969 founded the state-owned company CTT - Correios e Telecomunicações de Portugal, E. P., which started operating on 1 January 1970. By Decree-Law no. 87/92, of 14 May, CTT – Correios e Telecomunicações de Portugal, E. P., was transformed into a legal entity governed by private law, with the status of a state-owned public limited company. Finally, with the foundation of the former Telecom Portugal, S.A. by spin-off from Correios e Telecomunicações de Portugal, S.A. under Decree-Law no. 277/92, of 15 December, the Company’s name was changed to the current CTT – Correios de Portugal, S.A..

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

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

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

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

The shares of CTT are listed on Euronext Lisbon.

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

These financial statements were approved by the Board of Directors and authorized for issue on 5 May 2022.

2. Significant accounting policies

The accounting policies adopted, including financial risk management policies, are consistent with those followed in the preparation of the consolidated financial statements for the year ended 31 December 2021, except for the new standards and amendments effective from 1 January 2022.

2.1 New standards or amendments adopted by the Group

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

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

of a financial liability are materially different from the terms of the original financial liability. This improvement clarifies that in the scope of derecognition tests carried out on renegotiated liabilities, only commissions paid or received between the debtor and creditor should be included, including commissions paid or received by the debtor or creditor on behalf of the other.

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

The Group did not apply any of these standards in advance to the financial statements in the twelve-month period ended 31 December 2021. No significant impacts on the financial statements resulting from their adoption are estimated.

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

2.2 Basis of preparation

The interim condensed consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IAS / IFRS") as adopted by the European Union as at 1 January 2022, and in accordance with IAS 34 - Interim Financial Reporting.

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

3. Segment reporting

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

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

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

The business of CTT is organized in the following segments:

- **Mail** – CTT Contacto, S.A., CTT Soluções Empresariais, S.A., New Spring Services S.A., HCCM - Outsourcing Investment, CTT IMO - Sociedade Imobiliária, S.A. MedSpring, S.A. and CTT, S.A. excluding:
 - Business related to postal financial services and retail products - Financial Services & Retail;
 - The business of payments related with collection of invoices and fines, Western Union transfers, integrated solutions and tolls – Bank.

- **Express & Parcels** – includes CTT Expresso S.A., CORRE S.A., Fundo Inovação Techtree and Open Lockers, S.A.;
- **Financial Services & Retail** - Postal Financial Services and the sale of products and services in the retail network of CTT, S.A.;
- **Bank** – Banco CTT S.A., S.A., Payshop S.A., 321 Crédito S.A. and CTT's payment business (mentioned above).

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

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

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

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

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

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

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

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

The consolidated income statement by nature and segment of the 1st quarter of 2021 and 2022 are as follows:

Thousand Euros	31.03.2021				Total
	Mail	Express & Parcels	Financial Services & Retail	Bank	
Revenues	108,615	63,446	12,100	21,166	205,327
Sales and services rendered	107,278	63,243	11,986	3,775	186,282
<i>Sales</i>	2,482	80	2,915	—	5,477
<i>Services rendered</i>	104,796	63,163	9,071	3,775	180,805
Financial Margin	—	—	—	11,558	11,558
Other operating income	1,337	203	114	5,833	7,487
Operating costs - EBITDA	94,417	58,161	5,895	17,801	176,274
Staff costs	74,752	7,804	351	6,314	89,221
External supplies and services	17,366	50,069	599	7,629	75,663
Other costs	4,093	380	2,628	1,926	9,027
Impairment and provisions	412	478	—	1,473	2,363
Internal services rendered	(2,206)	(570)	2,317	459	—
EBITDA	14,198	5,285	6,205	3,365	29,053
Depreciation/amortization and impairment of investments, net	9,263	2,746	30	1,964	14,003
EBIT recurring	4,935	2,539	6,175	1,401	15,050
Specific itens	684	293	—	(1,822)	(845)
<i>Business restructurings</i>	16	92	—	—	108
<i>Strategic studies and projects costs</i>	400	—	—	44	444
<i>Other non-recurring income and expenses</i>	268	201	—	(1,866)	(1,397)
EBIT	4,251	2,246	6,175	3,223	15,895
Financial results					
<i>Interest expenses</i>					(2,147)
<i>Interest income</i>					6
<i>Gains/losses in subsidiary, associated companies and joint ventures</i>					(493)
Earnings before taxes (EBT)					13,262
Income tax for the period					4,528
Net profit for the period					8,734
Non-controlling interests					33
Equity holders of parent company					8,700

	31.03.2022				
Thousand Euros	Mail	Express & Parcels	Financial Services & Retail	Bank	Total
Revenues	133,466	61,348	11,889	28,042	234,746
Sales and services rendered	132,460	61,240	11,760	4,118	209,578
<i>Sales</i>	23,304	32	3,269	—	26,605
<i>Services rendered</i>	109,156	61,208	8,491	4,118	182,973
Financial Margin	—	—	—	16,407	16,407
Other operating income	1,006	108	129	7,517	8,760
Operating costs - EBITDA	126,645	56,788	6,633	22,633	212,699
Staff costs	77,343	7,318	250	6,895	91,806
External supplies and services	26,933	48,752	571	9,066	85,322
Other costs	23,978	656	3,231	1,987	29,851
Impairment and provisions	581	530	390	4,219	5,720
Internal services rendered	(2,190)	(467)	2,190	466	—
EBITDA	6,821	4,560	5,256	5,409	22,047
Depreciation/amortization and impairment of investments, net	10,121	3,224	25	2,010	15,380
EBIT recurring	(3,300)	1,337	5,231	3,399	6,667
Specific items	760	170	—	(3,631)	(2,701)
<i>Business restructurings</i>	133	81	—	—	215
<i>Strategic studies and projects costs</i>	377	62	—	—	439
<i>Other non-recurring income and expenses</i>	249	27	—	(3,631)	(3,355)
EBIT	(4,060)	1,166	5,231	7,030	9,368
Financial results					(2,129)
<i>Interest expenses</i>					(2,199)
<i>Interest income</i>					111
<i>Gains/losses in subsidiary, associated companies and joint ventures</i>					(41)
Earnings before taxes (EBT)					7,239
Income tax for the period					1,826
Net profit for the period					5,413
Non-controlling interests					24
Equity holders of parent company					5,389

As at 31 March 2022, the specific items amounted to -2.7 million euros, due to: (i) gross gain from the appreciation of a contracted derivative (-3.6 million euros), (ii) expenses related to the COVID-19 pandemic (+0.2 million euros), (iii) restructuring, namely agreements to suspend employment contracts (+0.2 million euros), and (iv) strategic projects (+0.4 million euros).

The valuation of the derivative in the amount of €3.6m, as mentioned above, is the result of the MTM (Mark to Market) of the interest rate derivative in the form of a Cap Agreement, associated with the Ulisses 2 securitization operation. The derivative envisages the hedge of the interest rate for the tranches issued, with a predetermined repayment plan and a strike price of 1.5%. Its MTM appreciation resulted only from the prospects of future evolution of market rates.

The revenues are detailed as follows:

Thousand Euros	31.03.2021	31.03.2022
Mail	108,615	133,466
Transactional mail	92,545	89,756
Editorial mail	3,284	3,119
Parcels (USO)	1,943	1,748
Advertising mail	4,273	4,216
Philately	1,133	1,069
Business Solutions	3,550	32,179
Other	1,886	1,380
Express & Parcels	63,446	61,349
Portugal	35,142	30,992
Parcels	30,591	27,647
Cargo	2,541	1,414
Banking network	1,192	1,080
Logistics	567	675
Other	251	176
Spain	27,592	29,548
Mozambique	713	809
Financial Services & Retail	12,100	11,889
Savings & Insurance	6,751	6,051
Money orders	1,456	1,417
Payments	187	196
Retail	3,640	4,128
Other	66	97
Bank	21,167	28,042
Net interest income	11,558	16,407
Interest income (+)	11,810	17,479
Interest expense (-)	(252)	(1,072)
Fees & commissions income (+)	8,935	10,743
Credits	985	1,378
Savings & Insurance	1,389	1,906
Accounts and Cards	2,490	3,014
Payments	4,067	4,418
Other commissions received	4	27
Other	674	892
	205,327	234,746

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

Nature	31.03.2021				Total
	Mail	Express & Parcels	Financial Services & Retail	Bank	
Postal Services	97,518,039	—	—	—	97,518,039
Express services	—	63,243,092	—	—	63,243,092
Merchandising products sales	—	—	623,861	—	623,861
PO Boxes	—	—	417,056	—	417,056
International mail services (*)	9,760,291	—	—	—	9,760,291
Financial Services fees	—	—	10,944,692	15,333,568	26,278,260
"Sales and Services rendered" and "Financial Margin" total	107,278,330	63,243,092	11,985,609	15,333,568	197,840,599

(*) Inbound mail

Nature	31.03.2022				
	Mail	Express & Parcels	Financial Services & Retail	Bank	Total
Postal Services	128,035,512	—	—	—	128,035,512
Express services	—	61,240,267	—	—	61,240,267
Merchandising products sales	—	—	411,429	—	411,429
PO Boxes	—	—	385,136	—	385,136
International mail services (*)	4,424,838	—	—	—	4,424,838
Financial Services fees	—	—	10,963,008	20,525,444	31,488,452
"Sales and Services rendered" and "Financial Margin" total	132,460,350	61,240,267	11,759,573	20,525,444	225,985,634

(*) Inbound mail

The assets by segment are detailed as follows:

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

Assets (Euros)	31.03.2022					
	Mail	Express & Parcels	Financial Services & Retail	Bank	Non allocated assets	Total
Intangible assets	24,178,274	6,908,262	225,232	26,373,514	4,955,399	62,640,681
Tangible fixed assets	226,206,907	70,121,897	57,647	4,004,005	942,273	301,332,730
Investment properties	—	—	—	—	6,274,277	6,274,277
Goodwill	17,430,813	2,955,753	—	61,084,749	—	81,471,314
Deferred tax assets	—	—	—	—	87,334,376	87,334,376
Accounts receivable	—	—	—	—	181,858,723	181,858,723
Credit to bank clients	—	—	—	1,595,115,193	—	1,595,115,193
Financial assets at fair value through profit or loss	—	—	—	31,066,678	—	31,066,678
Debt securities at fair value through other comprehensive income	—	—	—	5,766,426	—	5,766,426
Debt securities at amortized cost	—	—	—	379,484,111	—	379,484,111
Other banking financial assets	—	—	—	16,920,845	—	16,920,845
Other assets	9,987,802	13,390,248	40,556,944	7,301,783	13,676,603	84,913,380
Cash and cash	—	17,337,689	—	616,991,593	131,856,709	766,185,991
Non-current assets held for sale	—	—	—	503,110	—	503,110
	277,803,796	110,713,850	40,839,823	2,744,612,006	426,898,359	3,600,867,834

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

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

	31.03.2022					
	Mail	Express & Parcels	Financial Services & Retail	Bank	Non allocated assets	Total
Intangible assets	987,681	851,676	50,799	965,482	—	2,855,638
Tangible fixed assets	6,722,514	9,958,072	—	88,297	—	16,768,884
	7,710,195	10,809,747	50,799	1,053,780	—	19,624,522

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

- “Intangible assets” (4,955,399 Euros): the unallocated amount is related to the intangible assets in progress, which have been allocated to the underlying segment in the moment they become firm assets;

- “Tangible fixed assets” (942,273 Euros): This amount corresponds to tangible fixed assets in progress and advances payments to suppliers, which will be allocated to the respective segment at the time of the transfer to firm assets;
- “Investment properties” (6,274,277 Euros): These assets are not allocated to the operating activity, which is why they are not allocated to any segment;
- “Deferred tax assets” (87,344,376 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 25 - 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” (181,858,723 Euros): This amount cannot be allocated, due to the existence of multi-products customers, whose receivable amounts correspond to more than one segment;
- “Other assets” (13,676,603 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 (131,856,709 Euros): the unallocated amount is related, essentially, to the cash and cash equivalents of CTT S.A., as this company concentrates the business segments’ Mail, Financial Services & Retail and Bank, and it is not possible to split the amounts of cash and bank deposits by each CTT’s businesses.

Debt by segment is detailed as follows:

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

Other information (Euros)	31.03.2022				
	Mail	Express & Parcels	Financial Services & Retail	Bank	Total
Non-current debt	114,303,406	38,094,639	27,999	1,778,902	154,204,946
Bank loans	62,138,996	—	—	—	62,138,996
Lease liabilities	52,164,410	38,094,639	27,999	1,778,902	92,065,950
Current debt	36,737,841	16,105,924	27,104	723,047	53,593,915
Bank loans	14,558,999	7,741,744	—	—	22,300,743
Confirming	—	1,714,799	—	—	1,714,799
Lease liabilities	22,178,842	6,649,381	27,104	723,047	29,578,374
	151,041,247	54,200,563	55,103	2,501,948	207,798,861

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

Thousand Euros	31.03.2021	31.03.2022
Revenue - Portugal	141,665	167,880
Revenue - other countries	44,617	41,698
	186,282	209,578

The revenue rendered in other countries, includes the revenue from the Express & Parcels rendered in Spain by CTT Expresso branch in this country, in the amount of 28,352 thousand Euros.

4. Tangible fixed assets

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

31.12.2021

	Land and natural resources	Buildings and other constructions	Basic equipment	Transport equipment	Office equipment	Other tangible fixed assets	Tangible fixed assets in progress	Advance payments to suppliers	Rights of use	Total
Tangible fixed assets										
Opening balance	35,479,827	339,115,881	168,452,024	3,602,903	70,641,110	26,092,908	6,019,646	1,237,818	231,178,507	881,820,624
Acquisitions	90,151	1,147,764	4,148,073	13,168	1,139,994	1,524,618	5,878,872	3,525,258	—	17,467,898
New contracts	—	—	—	—	—	—	—	—	28,610,189	28,610,189
Disposals	(222,547)	(7,914,602)	(7,094,964)	(21,041)	(1,742)	—	—	—	—	(15,254,896)
Transfers and write-offs	275,780	7,653,725	2,551,680	—	(126,872)	(311,937)	(8,287,534)	—	(6,528,059)	(4,773,218)
Remeasurements	—	—	—	—	—	—	—	—	1,179,139	1,179,139
Adjustments	—	4,652	158,587	8,868	9,590	5,727	1,918	—	(558,663)	(369,322)
Remeasurements lease terms	—	—	—	—	—	—	—	—	600,570	600,570
Change in the consolidation perimeter	—	469,081	868,215	3,500	393,551	58,375	—	—	2,189,935	3,982,657
Closing balance	35,623,210	340,476,500	169,083,615	3,607,398	72,055,630	27,369,691	3,612,902	4,763,076	256,671,618	913,263,640
Accumulated depreciation										
Opening balance	3,723,758	227,546,379	138,324,288	3,395,091	64,977,312	20,231,064	—	—	128,613,895	586,811,787
Depreciation for the period	—	8,880,869	6,507,580	60,416	1,685,243	1,310,469	—	—	26,397,955	44,842,534
Disposals	(203,240)	(8,423,387)	(6,925,351)	(20,498)	(1,465)	—	—	—	—	(15,573,941)
Transfers and write-offs	42,108	1,588,052	7,155	—	(126,338)	(285,824)	—	—	(2,996,447)	(1,771,295)
Adjustments	—	1,640	79,391	4,395	7,848	5,347	—	—	—	98,621
Change in the consolidation perimeter	—	264,751	859,406	2,139	247,118	5,949	—	—	1,169,535	2,548,897
Closing balance	3,562,627	229,858,304	138,852,469	3,441,543	66,789,717	21,267,005	—	—	153,184,938	616,956,602
Accumulated impairment										
Opening balance	—	—	—	—	—	19,460	—	—	—	19,460
Closing balance	—	—	—	—	—	19,460	—	—	—	19,460
Net Tangible fixed assets	32,060,584	110,618,196	30,231,146	165,855	5,265,913	6,083,227	3,612,902	4,763,076	103,486,680	296,287,578

	31.03.2022									
	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	—	236,711	169,820	641	161,750	80,344	1,753,293	668,366	—	3,070,925
New contracts	—	—	—	—	—	—	—	—	13,697,959	13,697,959
Disposals	—	—	(408,070)	—	—	—	—	—	—	(408,070)
Transfers and write-offs	—	304,647	3,436,466	—	—	7,610	(517,817)	(3,230,905)	(1,134,727)	(1,134,727)
Remeasurements	—	—	—	—	—	—	—	—	46,868	46,868
Adjustments	—	440	19,737	227	1,607	543	—	—	1,506	24,061
Closing balance	35,623,210	341,018,298	172,301,569	3,608,266	72,218,987	27,458,188	4,848,377	2,200,538	269,283,224	928,560,656
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	—	2,293,354	1,633,569	15,232	409,832	332,567	—	—	6,972,133	11,656,688
Disposals	—	—	(406,950)	—	—	—	—	—	—	(406,950)
Transfers and write-offs	—	—	—	—	—	—	—	—	(1,009,578)	(1,009,578)
Adjustments	—	188	9,706	522	773	515	—	—	—	11,704
Closing balance	3,562,627	232,151,846	140,088,794	3,457,297	67,200,322	21,600,086	—	—	159,147,493	627,208,466
Accumulated impairment										
Opening balance	—	—	—	—	—	19,460	—	—	—	19,460
Closing balance	—	—	—	—	—	19,460	—	—	—	19,460
Net Tangible fixed assets	32,060,584	108,866,452	32,212,774	150,969	5,018,664	5,838,642	4,848,377	2,200,538	110,135,730	301,332,730

The depreciation recorded in the **Group** amounting to 11,656,888 Euros (10,994,881 Euros on 31 March 2021), is booked under the heading Depreciation/amortization and impairment of investments, net.

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

As at 31 March 2022, Land and natural resources and Buildings and other constructions include 482,513 Euros (490,537 Euros as at 31 December 2021), related to land and property in co-ownership with the company MEO – Serviços de Comunicações e Multimédia, S.A..

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

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

During the three-months period ended 31 March 2022, the most significant movements in Tangible Fixed Assets were the following:

Buildings and other constructions:

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

Basic equipment:

The amount related to acquisitions mainly refers to the upgrade of mail handling machines in the amount of approximately 78 thousand Euros and the acquisition of various postal equipment for an approximate amount of 27 thousand Euros at CTT Expresso.

Office equipment:

The amount relating to acquisitions mainly concerns to the acquisition of several micro-computer equipment for an approximate amount of 18 thousand Euros and the acquisition of furniture in the approximate amount of 24 thousand Euros, at CTT, as well as the acquisition of several micro-computer equipment in the approximate amount of 46 thousand Euros and the acquisition of securities in the amount of approximately 11 thousand Euros at CTT Expresso.

Other tangible fixed assets:

The acquisitions item essentially includes prevention and safety equipment in the amount of approximately 28 thousand Euros and the acquisition of air conditioning equipment for an approximate amount of 39 thousand Euros at CTT.

Rights of Use

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

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

	31.03.2022			
	Buildings	Vehicles	Other assets	Total
Tangible fixed assets				
Opening balance	221,150,166	33,910,310	1,611,141	256,671,618
New contracts	9,848,141	3,849,818	—	13,697,959
Transfers and write-offs	(1,071,686)	(63,041)	—	(1,134,727)
Remeasurements	46,868	—	—	46,868
Regularizations	1,506	—	—	1,506
Closing balance	229,974,996	37,697,087	1,611,141	269,283,224
Accumulated depreciation				
Opening balance	135,142,142	17,015,249	1,027,547	153,184,938
Depreciation for the period	5,067,553	1,823,864	80,716	6,972,133
Transfers and write-offs	(984,889)	(24,688)	—	(1,009,578)
Closing balance	139,224,806	18,814,425	1,108,263	159,147,494
Net Tangible fixed assets	90,750,190	18,882,662	502,879	110,135,730

The depreciation recorded, in the amount of 6,972,133 Euros (6,423,712 Euros on 31 March 2021), is booked under the caption “Depreciation/amortization and impairment of investments, net.”

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

The information on the liabilities associated with these leases as well as the interest expenses can be found disclosed on Debt (Note 18) and Interest expenses and income (Note 24), respectively.

For the three-months period ended 31 March 2022, no interest on loans was capitalized, as no loans were directly identified attributable to the acquisition or construction of an asset that requires a substantial period of time (greater than one year) to reach its status of use.

According to the analysis of impairment signs as at 31 March 2022, no events or circumstances were identified that indicate that the amount for which the Group’s tangible fixed assets are recorded may not be recovered.

CTT has in progress an analysis for the possible constitution of a real estate investment fund for its real estate fixed assets profitability. The final and updated market evaluations, according to current market conditions corresponding to these assets, will only be carried out after the decision to implement this initiative, and will determine the selection of the assets to be part of the fund.

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 31 March 2022, amount to 1,374,726 Euros.

5. Intangible assets

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

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

	31.03.2022					
	Development projects	Computer Software	Industrial property	Other intangible assets	Intangible assets in progress	Total
Intangible assets						
Opening balance	4,380,552	148,350,779	18,820,229	1,497,893	11,867,286	184,916,739
Acquisitions	—	915,058	243,611	—	1,696,970	2,855,638
Transfers and write-offs	—	5,487,926	—	—	(5,487,926)	—
Adjustments	—	—	8,062	—	(55,000)	(46,938)
Closing balance	4,380,552	154,753,762	19,071,902	1,497,893	8,021,330	187,725,439
Accumulated amortization						
Opening balance	4,379,539	102,371,559	13,099,884	1,497,893	—	121,348,875
Amortization for the period	319	3,285,217	385,072	—	—	3,670,607
Adjustments	—	—	4,658	—	—	4,658
Closing balance	4,379,858	105,656,776	13,489,614	1,497,893	—	125,024,141
Accumulated impairment						
Opening balance	—	—	—	—	60,617	60,617
Closing balance	—	—	—	—	60,617	60,617
Net intangible assets	694	49,096,987	5,582,288	—	7,960,713	62,640,681

The amortization for the period ended 31 March 2022, amounting to 3,670,607 Euros (2,891,132 Euros as at 31 March 2021) was recorded under Depreciation / amortization and impairment of investments, net.

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

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

The transfers occurred in the period ended 31 March 2022 from Intangible assets in progress to Computer software refer to IT projects, which were completed during the year.

The amounts of 1,186,512 Euros and 346,624 Euros were capitalized in computer software and in Intangible assets in progress as at 31 December 2021 and 31 March 2022, respectively, related to staff costs incurred in the development of these projects.

During the period ended 31 March 2022, the most significant movements in Intangible assets were the following:

Computer software:

The acquisitions caption mainly books the acquisitions by CTT Expresso of the software “Minerva” in the amount of approximately 197 thousand Euros and of the software “Suppliers Portal” in the amount of approximately 84 thousand Euros, as well as the software “Accipiens” in an approximate amount of 306 thousand Euros in 321 Credit.

Industrial property:

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

The intangible assets in progress as at 31 March 2022 refer to IT projects that are being developed, the most significant being the following:

	31.03.2022
Digital Factory - software	1,766,066
OneBiller Solution	854,287
Digitization Services - Software	361,830
SAP Hana & Hybris Billing	266,256
New Ecosystem Operations - Software	250,907
Centralized Settlement Collections - software	238,568
Gateway	233,204
New Mobile App for Field Force	228,111
Lockers Tuga - Software	205,544
	4,404,775

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

Most of the projects are expected to be completed in 2022.

Regarding the economic period of 2021, the Group is still identifying and quantifying the expenses incurred, as disclosed in Note 25.

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 three-months period ended 31 March 2022, no interest on loans was capitalized, as no loans were directly identified attributable to the acquisition or construction of an asset that requires a substantial period of time (greater than one year) to reach its status of use.

Contractual commitments related intangible assets at 31 March 2022, amount to 4,384,569 Euros.

6. Investment properties

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

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

	31.03.2022		
	Land and natural resources	Buildings and other constructions	Total
Investment properties			
Opening balance	2,889,422	11,230,168	14,119,589
Closing balance	2,889,422	11,230,168	14,119,589
Accumulated depreciation			
Opening balance	158,649	7,240,580	7,399,229
Depreciation for the period	—	53,148	53,148
Closing balance	158,649	7,293,728	7,452,377
Accumulated impairment			
Opening balance	—	392,936	392,936
Closing balance	—	392,936	392,936
Net Investment properties	2,730,773	3,543,504	6,274,277

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

The market value of these assets, which are classified as investment property, in accordance with the valuations obtained at the end of the fiscal year 2021 which were conducted by independent entities, amounts to 10,345,517 Euros.

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

The depreciation for the three-months period ended 31 March 2022, of 53,148 Euros (56,974 Euros on 31 March 2021) was recorded in the caption Depreciation/amortization and impairment of investments, net.

For the three-months period ended 31 March 2022, the rents amount charged by the **Group** for properties and equipment leases classified as investment properties was 9,769 Euros (31 March 2021: 5,373 Euros).

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

7. Companies included in the consolidation

Subsidiary companies

As at 31 December 2021 and 31 March 2022, the parent company, CTT - Correios de Portugal, S.A. and the following subsidiaries were included in the consolidation:

Company name	Place of business	Head office	31.12.2021			31.03.2022		
			Percentage of ownership			Percentage of ownership		
			Direct	Indirect	Total	Direct	Indirect	Total
<u>Parent company:</u>								
CTT - Correios de Portugal, S.A.	Portugal	Av. D. João II N.º 13 1999-001 Lisboa	—	—	—	—	—	—
<u>Subsidiaries:</u>								
CTT Expresso - Serviços Postais e Logística, S.A. ("CTT Expresso")	Portugal	Av. D. João II N.º 13 1999-001 Lisboa	100	—	100	100	—	100
Payshop Portugal, S.A. ("Payshop")	Portugal	Av. D. João II N.º 13 1999-001 Lisboa	—	100	100	—	100	100
CTT Contacto, S.A. ("CTT Con")	Portugal	Av. D. João II N.º 13 1999-001 Lisboa	100	—	100	100	—	100
CTT Soluções Empresariais, S.A. ("CTT Sol")	Portugal	Av. D. João II N.º 13 1999-001 Lisboa	100	—	100	100	—	100
Correio Expresso de Moçambique, S.A. ("CORRE")	Mozambique	Av. 24 de Julho, Edifício 24, n.º 1097, 3.º Piso, Bairro da Polana Maputo - Moçambique	50	—	50	50	—	50
Banco CTT, S.A. ("BancoCTT")	Portugal	Av. D. João II N.º 13 1999-001 Lisboa	100	—	100	100	—	100
Fundo Inovação TechTree ("TechTree")	Portugal	Av. Conselheiro Fernando de Sousa, 19 13º Esq 1070-072 Lisboa	60	40	100	60	40	100
321 Crédito - Instituição Financeira de Crédito, S.A. ("321 Crédito")	Portugal	Av. Duque d'Ávila, 46, 7º B 1050-083 Lisboa	—	100	100	—	100	100
HCCM - Outsourcing Investment, S.A. ("HCCM")	Portugal	Av. D. João II N.º 13 1999-001 Lisboa	—	100	100	—	100	100
NewSpring Services, S.A. ("NSS")	Portugal	Av. D. João II N.º 13 1999-001 Lisboa	—	100	100	—	100	100
CTT IMO - Sociedade Imobiliária, S.A. ("CTTI")	Portugal	Av. D. João II N.º 13 1999-001 Lisboa	100	—	100	100	—	100
Open Lockers, S.A. ("Lock")	Portugal	Av. D. João II N.º 13 1999-001 Lisboa	26	41	66	—	66	66
MedSpring, S.A. ("Med")	Portugal	Av. D. João II N.º 13 1999-001 Lisboa	—	—	—	—	100	100

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

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

On 30 August 2021, the total share capital of NewSpring Services, S.A. ("NewSpring Services") and its holding HCCM - Outsourcing Investment, S.A. ("HCCM – Outsourcing Investment"), companies operating

in the Business Process Outsourcing (BPO) and Contact Center market were acquired for an amount of 10,573,344 Euros, which amount was fully satisfied by financial settlement on that date.

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

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

As of 31 March 2022, CTT - Correios de Portugal, S.A. and CTT - Soluções Empresariais - S.A. proceeded with the sale of their investments in Open Lockers, S.A., of 25.5% and 15%, respectively, to CTT Expresso - Serviços Postais e Logística, S.A., which now concentrates the CTT Group's investments in the entity. Therefore, this operation did not result in a change in the equity interests held by the Group.

On 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.

Joint ventures

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

Company name	Place of business	Head office	31.12.2021			31.03.2022		
			Percentage of ownership			Percentage of ownership		
			Direct	Indirect	Total	Direct	Indirect	Total
NewPost, ACE	Portugal	Av. Fontes Pereira de Melo, 40 Lisboa	49	—	49	49	—	49
PTP & F, ACE	Portugal	Estrada Casal do Canas Amadora	51	—	51	51	—	51
Wolfspring, ACE	Portugal	Urbanização do Passil, nº100-A 2890-852 Alcochete	—	50	50	—	50	50
MKTPlace - Comércio Eletrónico, S.A ("MKTP")	Portugal	Rua Eng.º Ferreira Dias 924 Esc. 5 Porto	50	—	50	—	—	—

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

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

As of 31 December 2021, the entity Wolfspring ACE became part of the joint ventures whose interests are held by the Group. The interest in this entity is held by New Spring Services (entity that integrated

the consolidation perimeter in this period) and results from a partnership with Reisswolf – Tratamento confidencial e reciclagem de dados e serviços, S.A. for the provision of services in the custody and management archive area.

Associated companies

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

Company name	Place of business	Head office	31.12.2021			31.03.2022		
			Percentage of ownership			Percentage of ownership		
			Direct	Indirect	Total	Direct	Indirect	Total
Mafelosa, SL ^(a)	Espanha	Castellon - Espanha	—	25	25	—	25	25
Urpacksur, SL ^(a)	Espanha	Málaga - Espanha	—	30	30	—	30	

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	% Economic Interest	Consolidation Method
Ulisses Finance No.1 ^(*)	2017	Portugal	33.9 %	Full
Ulisses Finance No.2 ^(*)	2021	Portugal	0.00040 %	Full
Chaves Funding No.8 ^(*)	2019	Portugal	100 %	Full
Next Funding No.1 ^(*)	2021	Portugal	100 %	Full

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

In the consolidated financial statements at 31 December 2021, was included the structured entity Next Funding No.1. This entity was the result of a partnership between Banco CTT and Sonae Financial Services for the financing of the Universo card and the related management of credit risk exposure. The underlying assets of the Next Funding No.1 operation were consolidated and recognized in Banco CTT's consolidated accounts, considering that Banco CTT is i) responsible for all relevant activities inherent to the management of the underlying assets, ii) has exposure to variable income and iii) has the ability to affect its variable returns through the power to manage the relevant activities.

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

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

	31.12.2021	31.03.2022
Cash and cash equivalents	20,092,235	20,124,480
Financial assets at fair value through profit and loss (Derivatives)	2,261,947	5,890,053
Financial assets at amortized cost - Credit to Banking clients (Note 10)	298,716,076	301,893,938
Other banking financial liabilities (Debt securities issued) - note 8	277,795,753	273,560,344

Changes in the consolidation perimeter

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

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

The acquisition was carried out on 30 August 2021 (transaction closing date), for an initial fixed price of 7,000,000 Euros, subject to adjustments, based on the accounts prepared at the transaction close, related to the net financial debt and working capital of the acquired companies, with the acquisition price of 10,573,344 Euros. Additionally, earnouts were agreed depending on the company's activity over the 2 years following the closing date, based on the achievement of pre-defined objectives for NewSpring Services, including EBITDA targets.

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

The Purchase Price Allocation ("PPA") is ongoing and the Group is still evaluating the assumptions and criteria for the fair value assessment of the assets acquired and the liabilities assumed and will be concluded within the 12 months after the acquisition date as required by IFRS 3 – Business Combinations.

Therefore, the initial Goodwill assessed on the date of the acquisition of HCCM - Outsourcing Investment and NewSpring Services was as follows:

	Initial recognition
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
Goodwill	9,097,814
Fair Value of contingent components	4,500,000
Acquisition Price	10,573,344

(*) Acquisition by CTT-SE of 4.84% of the share capital of NSS, with the remaining 95.16% belonging to HCCM.

The contingent components are related to the earnouts described above, and their fair value was determined based on the best estimate at the operation closing date, subject to revaluation at each reporting date.

It should be noted that the calculated Goodwill, in 2021, was fully allocated to the NewSpring Services Cash Generating Unit, since HCCM – Outsourcing investment has as its sole activity the shareholding management in this entity.

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

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

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

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

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

As previously mentioned, the Purchase Price Allocation (PPA) is in progress. The net book value of accounts receivable on the acquisition date amounts to 2,487,856 Euros, with no differences in relation to their fair value within the scope of IFRS 3.

On 22 December 2021, the entity CTT IMO - Sociedade Imobiliária, SA was established and on 30 December 2021 the company Open Lockers, S.A was established, which results from a partnership

agreement between the Group and YunExpress, in which the Group holds a 66% majority stake in the new company and YunExpress, a 34% participation.

During three-months period ended 31 March 2022, the entity MedSpring, S.A. was established, which integrated the consolidation perimeter.

8. Debt securities

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

	31.12.2021	31.03.2022
Non-current		
Financial assets at fair value through other comprehensive income ⁽¹⁾		
Government bonds	—	—
Bonds issued by other entities	4,906,841	—
	4,906,841	—
Financial assets at amortized cost		
Government bonds	295,098,611	332,656,264
Bonds issued by other entities	—	—
Impairment	(111,953)	(124,915)
	294,986,658	332,531,349
	299,893,499	332,531,349
Current		
Financial assets at fair value through other comprehensive income ⁽¹⁾		
Government bonds	849,374	844,322
Bonds issued by other entities	338,695	4,922,104
	1,188,069	5,766,426
Financial assets at amortized cost		
Government bonds	38,795,904	39,462,919
Bonds issued by other entities	386,509	7,500,000
Impairment	(8,552)	(10,157)
	39,173,861	46,952,762
	40,361,930	52,719,188
	340,255,429	385,250,537

⁽¹⁾ As at 31 December 2021 and 31 March 2022 includes the amount of 9,429 Euros and 2,170 Euros, respectively, regarding Accumulated impairment losses.

During 2021, there were carried out sales of debt securities at amortized cost in the amount of 204 million Euros (nominal value) which resulted in a gain of 17,777 thousand Euros. As at 31 March 2022, the increase in debt securities essentially refers to investment in Portuguese, Spanish and Italian debt securities.

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

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

	31.12.2021						Total
	Current			Non-current			
	Due within 3 months	Over 3 months and less than 1 year	Total	Over 1 year and less than 3 years	Over 3 years	Total	
Financial assets at fair value through other comprehensive income ⁽¹⁾							
Government bonds							
National	4,384	844,990	849,374	—	—	—	849,374
Bonds issued by other entities							
National	338,695	—	338,695	4,906,841	—	4,906,841	5,245,536
	343,079	844,990	1,188,069	4,906,841	—	4,906,841	6,094,910

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

	31.03.2022						Total
	Current			Non-current			
	Due within 3 months	Over 3 months and less than 1 year	Total	Over 1 year and less than 3 years	Over 3 years	Total	
Financial assets at fair value through other comprehensive income ⁽¹⁾							
Government bonds							
National	311,248	533,075	844,322	—	—	—	844,322
Bonds issued by other entities							
National	2,837	4,919,267	4,922,104	—	—	—	4,922,104
	314,085	5,452,341	5,766,426	—	—	—	5,766,426

⁽¹⁾ As at 31 March 2022 includes the amount of 2,170 Euros regarding Accumulated impairment losses.

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

	31.03.2022						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 amortized cost							
Government bonds							
National	2,868,339	22,181,891	25,050,229	38,249,405	134,720,303	172,969,708	198,019,937
Foreign	12,413,504	1,999,186	14,412,689	11,085,350	148,601,206	159,686,555	174,099,245
Bonds issued by other entities							
National	7,500,000	—	7,500,000	—	—	—	7,500,000
Foreign	—	—	—	—	—	—	—
	22,781,842	24,181,077	46,962,919	49,334,755	283,321,509	332,656,264	379,619,182

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

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

	31.03.2022					
	Opening balance	Increases	Reversals	Utilizations	Transfers	Closing balance
Non-current assets						
Financial assets at fair value through other comprehensive income	2,572	—	—	—	(2,572)	—
Financial assets at amortized cost	111,952	16,630	(3,158)	—	(510)	124,915
	114,524	16,630	(3,158)	—	(3,082)	124,915
Current assets						
Financial assets at fair value through other comprehensive income	623	562	(1,046)	—	2,572	2,710
Financial assets at amortized cost	8,552	1,352	(257)	—	510	10,157
	9,175	1,914	(1,303)	—	3,082	12,867
Financial assets at fair value through other comprehensive income	3,194	562	(1,046)	—	—	2,710
Financial assets at amortized cost	120,505	17,982	(3,415)	—	—	135,072
	123,699	18,544	(4,461)	—	—	137,782

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

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

	31.12.2021	31.03.2022
	Stage 1	Stage 1
Opening balance	9,429	3,194
Change in period:		
Increases due to origination and acquisition	—	562
Changes due to change in credit risk	(4,090)	(1,022)
Decrease due to derecognition repayments and disposals	(2,145)	(24)
Impairment - Financial assets at fair value through other comprehensive income	3,194	2,710

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

	31.12.2021	31.03.2022
	Stage 1	Stage 1
Opening balance	9,429	3,194
Change in period:		
ECL income statement change for the period	(6,235)	(484)
Impairment - Financial assets at fair value through other comprehensive income	3,194	2,710

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

	31.12.2021	31.03.2022
	Stage 1	Stage 1
Opening balance	181,991	120,505
Change in period:		
Increases due to origination and acquisition	35,109	10,572
Changes due to change in credit risk	(78,141)	4,023
Decrease due to derecognition repayments and disposals	(18,455)	(28)
Impairment - Financial assets at amortized cost	120,505	135,072

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

	31.12.2021	31.03.2022
	Stage 1	Stage 1
Opening balance	181,991	120,505
Change in period:		
ECL income statement change for the period	(61,487)	14,567
Impairment - Financial assets at amortized cost	120,505	135,072

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

9. Other banking financial assets and liabilities

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

	31.12.2021	31.03.2022
Non-current assets		
Loans to credit institutions	5,239,419	4,117,463
Impairment	(1,709)	(1,343)
	5,237,710	4,116,120
Current assets		
Investments in credit institutions	2,350,000	4,700,000
Loans to credit institutions	6,185,069	5,869,854
Impairment	(2,197)	(4,778)
Other	2,988,970	4,041,597
Impairment	(1,800,306)	(1,801,947)
	9,721,536	12,804,726
	14,959,246	16,920,846
Non-current liabilities		
Debt securities issued	277,760,616	273,526,576
	277,760,616	273,526,576
Current liabilities		
Debt securities issued	35,137	33,768
Other	26,987,725	34,993,130
	27,022,862	35,026,898
	304,783,478	308,553,474

Investments in credit institutions and Loans to credit institutions

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

	31.12.2021	31.03.2022
Up to 3 months	2,337,172	1,722,740
From 3 to 12 months	6,197,897	8,847,114
From 1 to 3 years	5,239,419	4,117,463
Over 3 years	—	—
	13,774,489	14,687,316

The caption "Investments at credit institutions" showed an annual average return of 1.508% (31 December 2021: 1.191%).

Impairment

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

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

	31.03.2022					
	Opening balance	Increases	Reversals	Utilizations	Transfers	Closing balance
Non-current assets						
Investments and loans in credit institutions	1,709	691	(205)	—	(852)	1,343
	1,709	691	(205)	—	(852)	1,343
Current assets						
Investments and loans in credit institutions	2,197	2,458	(729)	—	852	4,778
Other	1,800,306	15,567	—	(13,927)	—	1,801,947
	1,802,503	18,025	(729)	(13,927)	852	1,806,725
	1,804,213	18,716	(933)	(13,927)	—	1,808,068

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

	31.12.2021	31.03.2022
	Stage 1	Stage 1
Opening balance	27,692	3,906
Change in period:		
Increases due to origination and acquisition	1,261	3,149
Changes due to change in credit risk	(1,067)	(836)
Decrease due to derecognition repayments and disposals	(23,980)	(97)
Impairment	3,906	6,122

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

	31.12.2021	31.03.2022
	Stage 1	Stage 1
Opening balance	27,692	3,906
Change in period:		
ECL income statement change for the period	(23,786)	2,216
Impairment	3,906	6,122

Debt securities issued

This caption showed the following composition:

	31.12.2021	31.03.2022
Securizations	277,795,753	273,560,344
	277,795,753	273,560,344

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

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

31.03.2022						
Issue	Issue date	Maturity date	Remuneration	Nominal value	Book value	
Ulisses Finance No.1 – Class A	July 2017	March 2033	Euribor 1M + 85 p.p.	6,564,038	6,565,471	
Ulisses Finance No.1 – Class B	July 2017	March 2033	Euribor 1M + 160 p.p.	7,000,000	7,001,842	
Ulisses Finance No.1 – Class C	July 2017	March 2033	Euribor 1M + 375 p.p.	7,100,000	7,106,533	
Ulisses Finance No.2 – Class A	September 2021	September 2038	Euribor 1M + 70 bps	203,700,000	205,580,913	
Ulisses Finance No.2 – Class B	September 2021	September 2038	Euribor 1M + 80 bps	10,000,000	9,987,699	
Ulisses Finance No.2 – Class C	September 2021	September 2038	Euribor 1M + 135 bps	20,000,000	19,978,147	
Ulisses Finance No.2 – Class D	September 2021	September 2038	Euribor 1M + 285 bps	11,300,000	11,291,891	
Ulisses Finance No.2 – Class E	September 2021	September 2038	Euribor 1M + 368 bps	3,700,000	3,698,112	
Ulisses Finance No.2 – Class F	September 2021	September 2038	Euribor 1M + 549 bps	1,300,000	1,299,925	
Ulisses Finance No.2 – Class G	September 2021	September 2038	Euribor 1M + 500 bps	1,050,000	1,049,811	
				271,714,038	273,560,344	

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

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

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

31.03.2022					
	Opening balance	Issues	Repayments	Other movements	Closing balance
Ulisses Finance No.1	24,532,237	—	(3,856,971)	(1,420)	20,673,846
Ulisses Finance No.2	253,263,517	—	(225,000)	(152,019)	252,886,498
	277,795,753	—	(4,081,971)	(153,439)	273,560,344

The scheduling by maturity regarding this caption is as follows:

31.12.2021						
	Current			Non-current		
	Due within 3 months	Over 3 months and less than 1 year	Total	Over 1 year and less than 3 years	Over 3 years	Total
Securitizations	35,137	—	35,137	—	277,760,616	277,760,616
	35,137	—	35,137	—	277,760,616	277,760,616
						277,795,753

31.03.2022						
	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
Securitizations	33,768	—	33,768	—	273,526,576	273,526,576
	33,768	—	33,768	—	273,526,576	273,526,576
						273,560,344

Asset securitization

Ulisses Finance No.1

The underlying assets of Ulisses Finance No.1 operations were not derecognised from the balance sheet as the **Group** substantially maintained the risks and rewards associated with their holding.

The Group guarantees the debt service (servicer) of traditional securitization operations, taking over the collection of assigned credits and channelling the amounts received, for the respective deposit to the credit securitization company.

The Ulisses Finance No.1 operation has an interest rate cap, an interest rate risk mitigation mechanism for the operation and its investors, including the **Group**, but which was not contracted directly by the Group, but by the issuer of the securitization operation (Sagres – STC, S.A.).

Ulisses Finance No.2

The underlying assets of the Ulisses Finance No.2 operation were not derecognised from the balance sheet as the Group substantially maintained the risks and rewards associated with their holding.

The Group guarantees the debt service (servicer) of traditional securitization operations, taking over the collection of assigned credits and channelling the amounts received, for the respective deposit to the credit securitization company.

The Ulisses Finance No.2 operation incorporates an interest rate cap, an interest rate risk mitigation mechanism for the operation and its investors, including the Group, but which was not contracted directly by the Group, but by the issuer of the securitization transaction (Tagus – STC, S.A.).

Chaves Funding No.8

The underlying assets of the Chaves Funding No.8 operation were not derecognised from the balance sheet as the Group substantially maintained the risks and rewards associated with their holding, insofar as this operation was fully subscribed by the **Group**.

The Group guarantees the debt service (servicer) of traditional securitization operations, taking over the collection of assigned credits and channelling the amounts received, for the respective deposit to the credit securitization company.

Next Funding No.1

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

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

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

10.Credit to banking clients

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

	31.12.2021	31.03.2022
Performing loans	1,560,653,792	1,615,775,490
Mortgage Loans	595,419,629	616,120,098
Auto Loans	660,982,844	685,643,088
Credit Cards	297,943,534	308,304,674
Leasings	4,975,252	4,496,868
Overdrafts	1,332,534	1,210,761
Other credits	—	—
Overdue loans	12,345,092	13,643,926
Overdue loans - less than 90 days	1,165,016	1,942,136
Overdue loans - more than 90 days	11,180,076	11,701,790
	1,572,998,883	1,629,419,415
Credit risk impairment	(31,090,390)	(34,304,223)
	1,541,908,493	1,595,115,193

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

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

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

31.03.2022									
	Current					Non-current			Total
	At sight	Due within 3 months	>3 months - < 1 year	Overdue Loans	Total	> 1 year - > 3 years	Over 3 years	Total	
Mortgage loans	—	4,683,667	13,515,605	2,173	18,201,445	36,781,938	561,138,887	597,920,825	616,122,270
Auto Loans	—	28,221,271	75,989,704	10,523,963	114,734,937	195,283,056	386,149,056	581,432,113	696,167,050
Credit Cards	—	308,304,674	—	1,725,058	310,029,733	—	—	—	310,029,733
Leasings	—	415,980	1,157,979	122,210	1,696,169	2,456,156	466,753	2,922,909	4,619,079
Overdraft	1,210,762	—	—	1,270,523	2,481,284	—	—	—	2,481,284
Other credits	—	—	—	—	—	—	—	—	—
	1,210,762	341,625,593	90,663,288	13,643,926	447,143,568	234,521,151	947,754,696	1,182,275,847	1,629,419,415

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

	31.12.2021	31.03.2022
Fixed rate	926,351,787	963,272,315
Floating rate	646,647,096	666,147,101
	1,572,998,883	1,629,419,415
Credit risk impairment	(31,090,390)	(34,304,223)
	1,541,908,493	1,595,115,193

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

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

31.03.2022

	Performing Loans	Overdue Loans	Gross amount	Impairment	Net amount
Asset-backed Loans	620,647,475	95,269	620,742,743	(823,341)	619,919,403
Other guaranteed Loans	668,666,965	5,594,679	674,261,644	(19,874,658)	654,386,986
Unsecured Loans	326,461,049	7,953,978	334,415,028	(13,606,224)	320,808,804
	1,615,775,490	13,643,926	1,629,419,415	(34,304,223)	1,595,115,193

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

31.12.2021

	Performing Loans	Overdue Loans	Gross amount	Impairment	Net amount
Mortgage Loans	595,419,629	—	595,419,629	(596,281)	594,823,348
Auto Loans	660,982,844	9,611,208	670,594,052	(22,024,094)	648,569,958
Credit Cards	297,943,534	772,542	298,716,076	(6,617,578)	292,098,498
Leasings	4,975,252	76,935	5,052,186	(98,307)	4,953,880
Overdrafts	1,332,534	1,278,857	2,611,391	(1,148,581)	1,462,810
Other credits	—	605,550	605,550	(605,550)	—
	1,560,653,792	12,345,091	1,572,998,883	(31,090,390)	1,541,908,492

31.03.2022

	Performing Loans	Overdue Loans	Gross amount	Impairment	Net amount
Mortgage Loans	616,120,098	2,173	616,122,270	(664,097)	615,458,174
Auto Loans	685,643,088	10,523,963	696,167,051	(24,273,570)	671,893,480
Credit Cards	308,304,674	1,725,058	310,029,733	(8,135,794)	301,893,938
Leasings	4,496,868	122,210	4,619,078	(91,168)	4,527,910
Overdrafts	1,210,761	1,270,523	2,481,284	(1,139,594)	1,341,690
Other credits	—	—	—	—	—
	1,615,775,490	13,643,926	1,629,419,415	(34,304,223)	1,595,115,193

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

31.12.2021

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

	31.03.2022				
	Performing Loans	Overdue Loans	Gross amount	Impairment	Net amount
Companies	58,021,072	1,133,440	59,154,511	(1,802,652)	57,351,862
Agriculture, forestry and fishing	4,739,454	60,113	4,799,567	(131,630)	4,667,937
Mining and quarrying	806,664	961	807,626	(12,298)	795,329
Manufacturing	6,007,745	163,041	6,170,786	(189,196)	5,981,590
Water supply	109,403	—	109,403	(217)	109,186
Construction	10,339,280	307,741	10,647,020	(426,969)	10,220,052
Wholesale and retail trade	10,320,411	141,276	10,461,687	(191,895)	10,269,792
Transport and storage	4,379,942	97,044	4,476,986	(153,924)	4,323,062
Accommodation and food service activities	4,440,129	90,494	4,530,623	(176,143)	4,354,480
Information and communication	656,475	421	656,896	(4,222)	652,674
Financial and insurance activities	278,497	3,214	281,711	(10,353)	271,358
Real estate activities	1,675,899	4,716	1,680,615	(25,784)	1,654,831
Professional, scientific and technical activities	1,629,444	10,572	1,640,016	(57,230)	1,582,786
Administrative and support service activities	3,433,085	56,005	3,489,090	(119,487)	3,369,603
Public administration and defence, compulsory social security	17,048	—	17,048	(338)	16,710
Education	708,514	862	709,375	(11,782)	697,593
Human health services and social work activities	1,336,538	15,283	1,351,821	(23,733)	1,328,089
Arts, entertainment and recreation	939,268	92,418	1,031,686	(71,690)	959,996
Other services	6,203,276	89,279	6,292,555	(195,761)	6,096,794
Individuals	1,557,754,417	12,510,487	1,570,264,903	(32,501,572)	1,537,763,331
Mortgage Loans	616,214,505	2,173	616,216,678	(665,983)	615,550,695
Consumer Loans	941,539,912	12,508,314	954,048,225	(31,835,589)	922,212,636
	1,615,775,489	13,643,927	1,629,419,414	(34,304,224)	1,595,115,193

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

	31.12.2021	31.03.2022
Stage 1	1,428,289,210	1,470,455,142
Gross amount	1,434,762,828	1,477,468,467
Impairment	(6,473,618)	(7,013,326)
Stage 2	82,564,071	92,528,346
Gross amount	87,166,648	97,819,440
Impairment	(4,602,577)	(5,291,094)
Stage 3	31,055,213	32,131,705
Gross amount	51,069,407	54,131,508
Impairment	(20,014,194)	(21,999,803)
	1,541,908,493	1,595,115,193

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

The impairment losses of Credit to banking clients (net of reversals) for the period ended 31 March 2022 amounted to 1,441,733 Euros (1,441,733 Euros as of 31 March 2021) was booked in the caption “Impairment of other financial banking assets.”

The movements in impairment losses by stages, in the year ended on 31 December 2021 and three-months period ended 31 March 2022, they are detailed as follows:

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

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

	31.03.2022			Total
	Stage 1	Stage 2	Stage 3	
Opening balance	6,473,619	4,602,577	20,014,195	31,090,391
Change in period:				
Increases due to origination and acquisition	795,115	66,115	12,962	874,193
Changes due to change in credit risk	(736,418)	1,193,434	2,728,223	3,185,239
Changes due to modifications without derecognition	—	—	—	—
Decrease due to derecognition repayments and disposals	(112,266)	(45,772)	(152,645)	(310,683)
Write-offs	—	—	(605,674)	(605,674)
Changes due to update in the institution's methodology for estimation	—	—	—	—
Transfers to:				
Stage 1	1,003,114	(563,868)	(439,247)	—
Stage 2	(400,977)	967,548	(566,572)	—
Stage 3	(13,060)	(875,993)	889,053	—
Foreign exchange and other	4,198	(52,948)	119,507	70,757
Impairment	7,013,326	5,291,094	21,999,803	34,304,223
<i>Of which: POCI</i>	—	—	1,037,130	1,037,130

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

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

	31.03.2022			
	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	(53,569)	1,213,778	2,588,540	3,748,749
Stage transfers (net)	589,078	(472,313)	(116,765)	—
Write-offs	—	—	(605,674)	(605,674)
Foreign exchange and other	4,198	(52,948)	119,507	70,757
Impairment	7,013,326	5,291,094	21,999,803	34,304,223

11. Prepayments

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

	31.12.2021	31.03.2022
Prepaid Assets		
Current		
Rents payable	1,469,876	1,543,173
Meal allowances	1,402,305	1,394,237
Other	5,853,753	8,165,747
	8,725,934	11,103,156
Prepaid Liabilities		
Non-current		
Investment subsidy	272,088	269,288
	272,088	269,288
Current		
Investment subsidy	11,201	11,201
Contractual liabilities	1,360,862	2,652,217
Other	2,080,178	1,809,731
	3,452,241	4,473,149
	3,724,329	4,742,437

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

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

The “Contractual liabilities” essentially refer to amounts related to stamps and prepaid postage of priority mail in the amount of 2,039,647 Euros (151,948 Euros on 31 December 2021), whose revenue is expected to be recognized in April 2022 (estimate of 80% of the item's value) and the remaining during 2022, and to objects invoiced and not delivered on 31 March 2022 in the express segment, in the amount of 612,570 Euros (1,208,914 Euros as of 31 December 2021), whose revenue is recognized upon delivery in the following month.

The revenue recognized in the period, included in the balance of Contractual liabilities at the beginning of the period amounted to 1,085,447 Euros.

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

12. Cash and cash equivalents

As at 31 December 2021 and 31 March 2022, cash and cash equivalents correspond to the amount of cash, sight deposits, term deposits and cash investments on the monetary market, net of bank overdrafts and equivalent short-term bank financing, and is detailed as follows:

	31.12.2021	31.03.2022
Cash	95,963,001	62,723,499
Sight deposits	86,975,064	115,388,043
Demand deposits at Bank of Portugal	593,160,283	538,241,882
Deposits in other credit institutions	34,251,584	43,109,541
Term deposits	67,522,764	6,723,026
Cash and cash equivalents (Balance sheet)	877,872,696	766,185,991
Sight deposits at Bank of Portugal	(19,937,800)	(21,263,500)
Outstanding checks / Checks clearing	(1,002,263)	(5,503,166)
Impairment of slight and term deposits	24,913	6,762
Cash and cash equivalents (Cash flow statement)	856,957,546	739,426,088

The caption “Sight deposits at Bank of Portugal” includes mandatory deposits in order to meet the legal requirements to maintain a minimum cash reserve in accordance with the provisions of Regulation (EU) No. 1358/2011 of European Central Bank of 14 December 2011, which states that the minimum cash requirements kept as demand deposits at Bank of Portugal amounts to 1% of deposits and other liabilities. As of the reserve counting period started on 30 October 2019, the ECB introduced the tiering regime, in which the balance with the Central Bank in excess of the minimum cash reserves, up to a calculated maximum of 6 times the reserves, is remunerated at the central bank lending rate.

Therefore, the item Demand deposits at Bank of Portugal includes, as at 31 March 2022, a total amount of demand deposits of 538,241,882 Euros (31 December 2021: 593,160,283 Euros), of which 21,263,500 Euros (31 December 2021: 19,937,800 Euros) were allocated to the fulfilment of the above mentioned mandatory minimum cash requirements at Banco de Portugal.

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

Impairment

In the year ended on 31 December 2021 and three-months period ended 31 March 2022, the movement recorded under the caption “Impairment of sight and term deposits” (Note 13) related to the **Group** is detail as follows:

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

31.03.2022					
Group	Opening balance	Increases	Reversals	Utilizations	Closing balance
Sight and term deposits	24,913	2,395	(20,546)	—	6,762
	24,913	2,395	(20,546)	—	6,762

The Impairment losses (increases net of reversals) for the period ended 31 March 2022 in the amount of 18,151 Euros (8,916 Euros as of 31 March 2021) were recorded under the caption “Impairment of accounts receivable (losses/reversals) ”.

13. Accumulated impairment losses

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

31.12.2021

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

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

31.03.2022

Group	Opening balance	Increases	Reversals	Utilizations	Transfers	Changes in the consolidation perimeter	Other movements	Closing balance
Non-current assets								
Tangible fixed assets	19,460	—	—	—	—	—	—	19,460
Investment properties	392,936	—	—	—	—	—	—	392,936
Intangible assets	60,617	—	—	—	—	—	—	60,617
	473,013	—	—	—	—	—	—	473,013
Debt securities at fair value through other comprehensive income	2,572	—	—	—	(2,572)	—	—	—
Debt securities at amortised cost	111,953	16,630	(3,158)	—	(510)	—	—	124,915
Other non-current assets	2,749,010	—	—	—	42,380	—	—	2,791,390
Credit to banking clients	15,601,705	4,197,522	(2,355,345)	(297,635)	(323,543)	—	34,770	16,857,474
Other banking financial assets	1,709	691	(205)	—	(852)	—	—	1,343
	18,466,949	4,214,842	(2,358,708)	(297,635)	(285,097)	—	34,770	19,775,122
	18,939,963	4,214,842	(2,358,708)	(297,635)	(285,097)	—	34,770	20,248,136
Current assets								
Accounts receivable	39,883,599	983,720	(136,192)	(167,756)	—	—	652	40,564,023
Credit to banking clients	15,488,685	4,344,251	(2,437,679)	(308,039)	323,543	—	35,987	17,446,748
Debt securities at fair value through other comprehensive income	623	562	(1,046)	—	2,572	—	—	2,711
Debt securities at amortised cost	8,551	1,352	(257)	—	510	—	—	10,157
Other current assets	10,325,865	436,742	(126,406)	(74,503)	(42,380)	—	—	10,519,318
Other banking financial assets	1,802,503	18,025	(729)	(13,927)	852	—	—	1,806,725
Slight and term deposits	24,914	2,395	(20,545)	—	—	—	—	6,764
	67,534,740	5,787,048	(2,722,853)	(564,226)	285,097	—	36,639	70,356,445
Non-current assets held for sale	164,441	395	(1,175)	—	—	—	—	163,661
	164,441	395	(1,175)	—	—	—	—	163,661
Merchandise	3,131,405	—	(79,325)	(5,543)	—	—	—	3,046,538
Raw, subsidiary and consumable	867,668	—	(22,930)	—	—	—	—	844,738
	3,999,073	—	(102,255)	(5,543)	—	—	—	3,891,276
	71,698,254	5,787,442	(2,826,283)	(569,768)	285,097	—	36,639	74,411,382
	90,638,216	10,002,284	(5,184,990)	(867,403)	—	—	71,410	94,659,517

The amounts classified as “Other movements”, with reference to 31 December 2021 and 31 March 2022, refer to the movements resulting from adjustments to POCI credits (Purchase or Originated Credit Impaired) regarding the acquisition of 321 Crédito on 1 May 2019, according to IFRS 3 - Business Combinations.

14. Equity

As at 31 March 2022, the Company share capital was composed of 150,000,000 shares with the nominal value of 0.50 Euros each. The share capital is fully underwritten and paid-up.

As at 31 December 2021 and 31 March 2022 the Company’s shareholders with greater than or equal to 2% shareholdings, according to the information reported, are as follows:

31.12.2021

Shareholders		Number of Shares	% Share Capital	Nominal Value
Manuel Champalimaud SGPS, S.A. ⁽¹⁾		19,330,084	12.887%	9,665,042
Manuel Carlos de Melo Champalimaud		353,185	0.235%	176,593
Manuel Carlos de Melo Champalimaud ⁽¹⁾	Total	19,683,269	13.122%	9,841,635
Global Portfolio Investments, S.L. ⁽²⁾		15,057,937	10.039%	7,528,969
Indumenta Pueri, S.L. ⁽²⁾	Total	15,057,937	10.039%	7,528,969
GreenWood Builders Fund I, LP ⁽³⁾		10,025,000	6.683%	5,012,500
GreenWood Investors LLC ⁽³⁾	Total	10,025,000	6.683%	5,012,500
Green Frog Investments Inc	Total	7,730,000	5.153%	3,865,000
Norges Bank	Total	3,105,287	2.070%	1,552,644
Bestinver Gestión S.A. SGIIC ⁽⁴⁾	Total	3,024,366	2.016%	1,512,183
CTT, S.A. (own shares) ⁽⁵⁾	Total	1,500,001	1.000%	750,001
Remaining shareholders	Total	89,874,140	59.916%	44,937,070
TOTAL		150,000,000	100.000%	75,000,000

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

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

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

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

⁽⁵⁾ Shares held by CTT following the conclusion, as at 22 June 2021, of the trading in the context of the share Buy-back Program, the main terms and conditions of which may be found in the announcement regarding the start of trading within the Buy-back Program disclosed to the market on 17 May 2021, (see press releases available on CTT website, at <https://www.ctt.pt/grupo-ctt/investidores/comunicados/index?topic=informacao&year=2021&search=>).

31.03.2022

Shareholders		Number of Shares	% Share Capital	Nominal Value
Manuel Champalimaud SGPS, S.A. ⁽¹⁾		19,330,084	12.887%	9,665,042
Manuel Carlos de Melo Champalimaud		353,185	0.235%	176,593
Manuel Carlos de Melo Champalimaud ⁽¹⁾	Total	19,683,269	13.122%	9,841,635
Global Portfolio Investments, S.L. ⁽²⁾		15,057,937	10.039%	7,528,969
Indumenta Pueri, S.L. ⁽²⁾	Total	15,057,937	10.039%	7,528,969
GreenWood Builders Fund I, LP ⁽³⁾		10,025,000	6.683%	5,012,500
GreenWood Investors LLC ⁽³⁾	Total	10,025,000	6.683%	5,012,500
Green Frog Investments Inc	Total	7,730,000	5.153%	3,865,000
Norges Bank	Total	3,105,287	2.070%	1,552,644
Bestinver Gestión S.A. SGIIC ⁽⁴⁾	Total	3,024,366	2.016%	1,512,183
CTT, S.A. (own shares) ⁽⁵⁾	Total	1,950,859	1.000%	975,430
Remaining shareholders	Total	89,423,282	59.916%	44,711,641
TOTAL		150,000,000	100.000%	75,000,000

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

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

⁽³⁾ GreenWood Investors, LLC, of which Steven 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 as at 31 March 2022, as a result of the transactions carried out in the context of the share Buy-back Program, the main terms and conditions of which may be found in the announcement regarding the start of trading within the Buy-back Program disclosed to the market on 16 March 2022, (see press releases available on CTT website, at <https://www.ctt.pt/grupo-ctt/investidores/comunicados/index?topic=informacao&year=2022&search=>).

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

Own shares

The commercial legislation regarding own shares requires that a non-distributable reserve must be created for the same amount of the acquisition price of such shares. This reserve is not available for distribution while the shares stay in the Company's possession. In addition, the applicable accounting standards determine that the gains or losses obtained with the sale of such shares are recognized in reserves.

As of 31 March 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	450,858	2,037,003	4.51
Balance 31 March 2022	1,950,859	8,441,966	4.33

As at 31 March 2022, CTT held 1,950,859 own share, with a nominal value of 0.50€, being all the inherent rights suspended pursuant to article 324 of the Portuguese Companies Code.

At the Company's Board of Directors meeting held on 16 March 2022, it was unanimously decided to approve the implementation of a buyback program for CTT's own shares ("Buyback Program"), including the related terms and conditions, and in accordance with the deliberation limits within the scope of the General Meeting of shareholders of CTT, held on 21 April 2021, under which the acquisition and disposal of own shares by the Company and its subsidiaries was authorized, under the terms defined by the Board of Directors.

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

The maximum number of shares to be acquired within the scope of the Buyback Program will be 4,650,000 CTT ordinary shares, representing up to 3.1% of the respective share capital and corresponding to the maximum number of shares that, under the terms of the capital reduction proposal submitted by the Board of Directors to the 2022 Annual General Meeting of CTT and approved at the same, they will be extinguished in the context of the capital reduction that constitutes the purpose of this program. The maximum cash amount of the Buyback Program will be 18,000,000 Euros.

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

In the context of the share buyback program as of 31 March 2022, the Company had already acquired 450,858 shares. As a result, as of 31 March 2022, considering as acquired shares those whose financial settlement took place until 31 March 2022. As a result, as of 31 March 2022, the Company held, as a result of the acquisition operations indicated herein, an accumulated total of 1,950,859 treasury shares, representing 1.30% of the share capital, including 1,500,001 treasury shares previously acquired.

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

Reserves

As at 31 December 2021 and 31 March 2022, the caption “Reserves” showed the following composition

:

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

	31.03.2022				
	Legal reserves	Own shares reserves	Fair Value reserves	Other reserves	Total
Opening balance	15,000,000	6,404,963	26,746	45,646,642	67,078,351
Own shares acquisition	—	2,037,003	—	(2,037,003)	—
Assets fair value	—	—	(1,398)	—	(1,398)
Share Plan	—	—	—	405,000	405,000
Closing balance	15,000,000	8,441,966	25,348	44,014,639	67,481,953

Legal reserves

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

Own shares reserve (CTT, S.A.)

As at 31 March 2022, this caption includes the amount of 8,441,966 Euros related to the creation of an unavailable reserve for the same amount of the acquisition price of the own shares held.

Other reserves

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

In the three-months period ended 31 March 2022, a reserve in the total amount of 405,000 Euros was recorded related with the stock option plan, as described in the note 23 - Staff Costs.

Retained earnings

During the year ended on 31 December 2021 and three-months period ended 31 March 2022, the following movements were made in caption “Retained earnings”:

	31.12.2021	31.03.2022
Opening balance	39,962,419	43,904,074
Application of the net profit of the prior year	16,669,309	38,404,113
Distribution of dividends	(12,750,000)	—
Adjustments from the application of the equity	22,345	19,392
Other movements	—	—
Closing balance	43,904,074	82,327,579

Other changes in equity

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

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

	31.12.2021	31.03.2022
Opening balance	(47,600,236)	(43,998,612)
Actuarial gains/losses	4,999,158	—
Tax effect (Note 25)	(1,397,534)	—
Closing balance	(43,998,612)	(43,998,612)

16.Dividends

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

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

17. Earnings per share

During the three-months periods ended 31 March 2021 and 31 March 2022, the earnings per share were calculated as follows:

Group	31.03.2021	31.03.2022
Net income for the period	8,700,423	5,388,750
Average number of ordinary shares	149,999,999	149,001,324
Earnings per share		
Basic	0.06	0.04
Diluted	0.06	0.04

The average number of shares is detailed as follows:

	31.03.2021	31.03.2022
Shares issued at beginning of the period	150,000,000	150,000,000
Own shares effect	1	998,676
Average number of shares during the period	149,999,999	149,001,324

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 31 March 2022, the number of own shares held is 1,950,859 and its average number for the year ended 31 March 2022 is 998,676, reflecting the fact that no acquisitions or sales/attribution have occurred in the given period, as mentioned in note 27.

There are no dilutive factors of earnings per share.

18. Debt

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

	31.12.2021	31.03.2022
Non-current liabilities		
Bank loans	62,161,852	62,138,996
Lease liabilities	87,174,586	92,065,950
	149,336,438	154,204,946
Current liabilities		
Bank loans	22,169,000	22,300,743
Confirming	1,500,152	1,714,799
Lease liabilities	28,113,860	29,578,374
	51,783,012	53,593,915
	201,119,450	207,798,861

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

Bank loans

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

	31.12.2021			31.03.2022		
	Limit	Amount used		Limit	Amount used	
		Current	Non-current		Current	Non-current
Bank loans						
Millennium BCP	12,673,148	8,054,480	1,100,926	12,592,593	8,063,966	1,020,370
BBVA / Bankinter	40,375,000	6,958,272	33,121,646	47,500,000	6,958,272	33,157,958
Novo Banco	35,000,000	7,029,645	27,939,280	35,000,000	7,193,708	27,960,668
Caixa Geral de depósitos	126,470	126,603	—	84,314	84,798	—
Banco Montepio	25,000,000	—	—	—	—	—
Bankinter Confirming	2,200,000	1,500,152	—	2,200,000	1,714,799	—
	115,374,618	23,669,152	62,161,852	97,376,907	24,015,543	62,138,996

On 27 September 2017, a financing contract between CTT and BBVA and Bankinter was signed, for an initial period of 5 years and for a total amount of 90 million Euros, with the possibility of using the funds until September 2018. As no amount was used until the mentioned date, the contract was renegotiated on 27 September 2018, having the total amount been altered to 75 million Euros, while maintaining the one-year term for the use of the funds. As at 31 March 2022, the referred used amount corresponded to 40,116,230 Euros. By the Group decision, the remaining available amount will not be used.

On 22 April 2019, a simple credit agreement was signed between CTT and Novo Banco for a period of 60 months, with a grace period of two years, and may be extended for a period of 24 months, for a total amount of 35 million Euros. As at 31 March 2022, the 35 million Euros were used and are presented in the statement of financial position net of commissions and added by the amount of interests to be paid in the following period, in the total amount of 35,154,376 Euros.

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

Bank loans obtained are subject to compliance with financial covenants, namely clauses of Cross default, Negative Pledge and Assets Disposal's limits. Additionally, the loans obtained also require compliance with ratios of Net Debt over EBITDA and financial autonomy. Compliance with financial covenants is regularly monitored by the Group and is measured by counterparties on an annual basis based on the Financial Statements as at 31 December. As at 31 December 2021, the **Group** is in compliance with financial covenants.

Lease Liabilities

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

	31.12.2021	31.03.2022
Due within 1 year	30,860,141	32,046,950
Due between 1 to 5 years	66,579,734	66,629,145
Over 5 years	28,808,052	34,204,456
Total undiscounted lease liabilities	126,247,928	132,880,551
Current	28,113,860	29,578,374
Non-current	87,174,586	92,065,950
Lease liabilities included in the statement of financial position	115,288,445	121,644,323

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

	31.03.2021	31.03.2022
Lease Liabilities interests (note 24)	764,361	733,266
Variable payments not included in the measurement of the lease liability	480,351	502,139

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

	31.12.2021	31.03.2022
Total of lease payments	(7,443,849)	(7,990,527)

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

Reconciliation of Changes in the responsibilities of Financing activities

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

	31.12.2021	31.03.2022
Opening Balance	206,866,753	201,119,450
Changes in the consolidation perimeter	2,667,159	—
Movements without cash	35,383,531	18,560,965
<i>Contract changes</i>	26,291,146	13,618,591
<i>IFRS 16 Interests</i>	3,066,925	733,266
<i>Others</i>	6,025,460	4,209,108
Loans:		
Inflow	100,261,411	33,934,486
Outflow	(110,777,850)	(34,189,027)
Confirming:		
Inflow	—	—
Outflow	(2,938,473)	(3,636,486)
Lease liabilities:		
Inflow	—	—
Outflow	(30,343,081)	(7,990,527)
Closing balance	201,119,450	207,798,861

19. Provisions, Guarantees provided, Contingent liabilities and commitments

Provisions

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

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

Group	31.03.2022						Closing balance
	Opening balance	Increases	Reversals	Utilizations	Transfers	Regularizations	
Non-current provisions							
Litigations	2,834,799	662,336	(363,529)	(65,756)	213,598	—	3,281,447
Restructuring	—	—	—	—	—	—	—
Other provisions	7,314,082	460,512	(81,557)	122	(213,598)	102,344	7,581,905
Commitment provisions	314,163	17,045	(36,507)	—	—	—	294,701
Sub-total - caption "Provisions (increases)/reversals"	10,463,043	1,139,893	(481,593)	(65,634)	—	102,344	11,158,052
Restructuring	1,455,737	—	(50,000)	—	(1,250,000)	(102,344)	53,393
Other provisions	2,760,741	—	—	—	—	—	2,760,741
	14,679,520	1,139,893	(531,593)	(65,634)	(1,250,000)	—	13,972,186

The net amount between increases and reversals of provisions was recorded in the consolidated income statement under the caption Provisions, net and amounted to (3,886,116) Euros as at 31 December 2021 and 658,302 Euros as at 31 March 2022.

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

Litigations

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

The reversal of the provision for litigations, in the amount of 1,383,155 Euros as at 31 December 2021 and 363,529 Euros as at 31 March 2022, essentially results from lawsuits whose decision, which was made known in the course of 2021 or 2022, respectively, proved to be favourable to the Group, or, not being favourable, resulted in the condemnation to pay amounts that proved to be lower than the estimated amounts (and reflected in this provision item).

Restructuring

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

Other provisions

As at 31 March 2022, the provision to cover any contingencies relating to labour litigation proceedings not included in the current court proceedings related to remuneration differences that can be claimed by workers, amounts to 3,834,594 Euros (3,916,051 as at 31 December 2021). The amount of the provision corresponds to the Group's best estimate for the outflow.

As at 31 March 2022, a provision is recognized in CTT Expresso branch in Spain to face the notification issued by the Spanish National Commission on Markets and Competition. This process was originated during the year 2016, based on the alleged contrary action to article 1 of the Law 15/2017 ("Law on Competition Defense") and article 101^o of the Treaty on the Functioning of the European Union ("TFUE"). This notification amounts to 3,148,845 Euros and has already been subject of an appeal to the Spanish Audiencia Nacional (National High Court). Regarding this matter, Tourline (currently designated as CTT 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 by Tourline. The amount provisioned, of 1,400,000 Euros, is the result of the evaluation carried out by its legal advisors and the Group is awaiting the outcome of the process and it is not possible to anticipate a deadline for resolution.

The amount provisioned in 321 Crédito, S.A. amounting to 741,601 Euros as at 31 March 2022 (741,641 Euros at 31 December 2021) mainly results from the management assessment regarding the possibility of materializing tax contingencies and other processes.

As at 31 March 2022, in addition to the previously mentioned situations, this caption also includes:

- the amount of 537,510 Euros to cover costs of dismantlement of tangible fixed assets and/or removal of facilities and restoration of the site;
- the amount of 550,000 Euros, which arise from the assessment made by the management regarding the possibility of tax contingencies;
- the amount of 309,007 Euros regarding the liability, recognized in the company CTT Expresso, with a labor legal proceeding;
- the amount of 1,972,779 Euros to cover costs of operational vehicles restoration.

Commitments provisions

Commitments provisions refer to provisions for indirect credit. As at 31 December 2021, a credit impairment transfer in the amount of 169,822 Euros was made to provisions (note 10).

Guarantees provided

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

	31.12.2021	31.03.2022
Contencioso Administrativo da Audiência Nacional (National Audience Administrative Litigation) and CNMC - Comision Nacional de los Mercados y la Competencia - Espanha (National Commission on Markets and Competition - Spain)	3,148,845	3,148,845
Autoridade Tributária e Aduaneira (Portuguese Tax and Customs Authority)	2,917,205	2,917,205
PLANINOVA - Soc. Imobiliária, S.A. (Real estate company)	2,033,582	2,033,582
LandSearch, Compra e Venda de Imóveis (Real estate company)	1,792,886	1,792,886
Fidelidade, Multicare, Cares - (Glintt BPO)	1,022,834	1,022,834
AMBIMOBILIÁRIA- INVESTIMENTOS E NEGÓCIOS, S.A. (Real estate company)	480,000	480,000
MARATHON (Closed investment fund)	432,000	432,000
O Feliz - Imobiliaria (Real estate company)	369,932	369,932
Courts	339,230	339,230
EUROGOLD (Real estate company)	—	318,299
CIVILRIA (Real estate company)	224,305	224,305
TRANSPORTES BERNARDO MARQUES , S.A.	220,320	220,320
TIP - Transportes Intermodais do Porto, ACE (Oporto intermodal transport)	150,000	150,000
Municipalities	118,658	118,658
EPAL - Empresa Portuguesa de Águas Livres (Multi-municipal System of Water Supply and Sanitation of the Lisbon Area)	68,895	68,895
INCM - Imprensa Nacional da Casa da Moeda (Portuguese Mint and Official Printing Office)	85,056	68,386
ANA - Aeroportos de Portugal (Airports of Portugal)	34,000	34,000
GNB Companhia de seguros vida SA (Insurance company)	25,000	25,000
Águas do Norte (Water Supply of the Northern Region)	23,804	23,804
Instituto de Gestão Financeira Segurança Social (Social Security Financial Management Institute)	21,557	21,557
EMEL, S.A. (Municipal company managing parking in Lisbon)	19,384	19,384
Serviços Intermunicipalizados Loures e Odivelas (Inter-municipal Services of Water Supply and Sanitation of the Loures and Odivelas Areas)	17,000	17,000
Direção Geral do Tesouro e Finanças (Directorate General of Treasury and Finance)	16,867	16,867
Portugal Telecom, S.A. (Telecommunication Company)	16,658	16,658

	31.12.2021	31.03.2022
Refer (Public service for the management of the national railway network infrastructure)	16,460	16,460
Other entities	16,144	16,144
SMAS de Sintra (Services of Water Supply and Sanitation of the city of Sintra)	15,889	15,889
Repsol (Oil and Gas Company)	15,000	15,000
DOLCE VITA TEJO (Real State Company)	13,832	13,832
Lagos em Forma - Gestão desportiva, E.M., S.A. (Municipal company managing sports in Lagos)	11,000	11,000
Águas do Porto, E.M (Services of Water Supply and Sanitation of the city of Porto)	10,720	10,720
ADRA - Águas da Região de Aveiro (Services of Water Supply and Sanitation of the city of Aveiro)	10,475	10,475
SMAS Torres Vedras (Services of Water Supply and Sanitation of the city of Torres Vedras)	9,910	9,910
ACT Autoridade Condições Trabalho (Authority for Working Conditions)	9,160	9,160
Consejeria Salud (Local Health Service/Spain)	4,116	4,116
Instituto do Emprego e Formação Profissional (Employment and Professional Training Institute)	3,719	3,719
EMARP - Empresa de Águas e Resíduos de Portimão (Services of Water Supply and Sanitation of the city of Portimão)	3,100	3,100
Via Direta	150,000	—
	13,867,543	14,019,172

Guarantees for lease Contracts

According to the terms of some lease contracts of the buildings occupied by the Company's services, the Portuguese State ceased to hold the majority of the share capital of CTT, bank guarantees on first demand had to be provided. These guarantees amount to 3,826,468 Euros as at 31 December 2021 and 31 March 2022.

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

Commitments

As at 31 December 2021 and 31 March 2022., the Group subscribed promissory notes amounting to approximately 41.9 thousand Euros and 42.8 thousand Euros, respectively, for various credit institutions intended to secure complete and timely compliance with the corresponding financing contracts.

The Group also assumed financial commitments (comfort letters) in the amount of 1,170,769 Euros regarding the branch of CTT Expresso in Spain which are still active as at 31 March 2022.

The Group engaged guarantee insurances in the total amount of 4,363,411 Euros(31 December 2021: 4,226,910 Euros), with the purpose of guaranteeing the fulfilment of contractual obligations assumed by third parties. In addition, the Group also assumed commitments relating to real estate rents under lease contracts and rents for other leases.

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

20.Accounts payable

As at 31 December 2021 and 31 March 2022, the caption “Accounts payable” showed the following composition:

	31.12.2021	31.03.2022
Current		
Advances from customers	2,368,197	2,386,996
CNP money orders	51,157,113	50,200,535
Suppliers	88,144,917	102,595,450
Invoices pending confirmation	12,256,372	11,210,893
Fixed assets suppliers	7,008,092	5,184,678
Invoices pending confirmation (fixed assets)	6,300,825	2,556,845
Values collected on behalf of third parties	8,911,160	8,942,631
Postal financial services	156,371,620	100,061,762
Deposits	594,183	652,781
Charges	2,200,392	3,829,274
Compensations	881,108	985,337
Postal operators - amounts to be settled	1,586,135	226,704
Amounts to be settled to third parties	1,919,132	1,079,686
Amounts to be settled in stores	495,269	401,868
Other accounts payable	10,109,816	9,660,665
	350,304,332	299,976,105
	350,304,332	299,976,105

CNP money orders

The value of CNP money orders refers to the money orders received from the National Pensions Center (CNP), whose payment date to the corresponding pensioners will occur in the month after the closing of the financial year.

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 refers essentially to the amounts charged for taxes, since in 2021 there was a flexibilization of the tax calendar by the tax authority, which allowed the delivery of the tax related to the periodic VAT returns of the month December 2021, for the monthly regime, could be carried out until 30 December, which resulted in temporarily higher balances to be delivered.

21. Banking clients' deposits and other loans

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

	31.12.2021	31.03.2022
Sight deposits	1,485,969,930	1,536,355,854
Term deposits	223,067,357	217,498,270
Savings deposits	412,474,058	412,569,111
	2,121,511,345	2,166,423,234

The above-mentioned amounts relate to Banco CTT clients' deposits. Savings deposits are deposits associated with current accounts and which allow the client to obtain a remuneration above the slight deposits, which can be mobilized at any time, with no subscription limit, and it is possible to schedule transfers from and for this account. These deposits are different from term deposits as they have a definite date of constitution and maturity, and the savings accounts are fully mobilizable without penalty on remuneration.

For the year ended on 31 December 2021 and three-months period ended 31 March 2022 the average rate of return on customer funds was 0.02% (31 December 2021: 0.02%).

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

	31.12.2021					Total
	No defined maturity	Due within 3 months	Over 3 months and less than 1 year	Over 1 year and less than 3 years	Over 3 years	
Sight deposits and saving accounts	1,898,443,987	—	—	—	—	1,898,443,987
Term deposits	—	106,310,120	116,757,237	—	—	223,067,357
	1,898,443,987	106,310,120	116,757,237	—	—	2,121,511,345

	31.03.2022					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	1,948,924,964	—	—	—	—	1,948,924,964
Term deposits	—	143,545,021	73,953,248	—	—	217,498,270
	1,948,924,964	143,545,021	73,953,248	—	—	2,166,423,234

22. Income taxes receivable /payable

As at 31 March 2022 the caption reflects the estimated income tax regarding 2020, which has not yet been paid, as well as the estimated income tax regarding the three-months period ended 31 March 2022.

23. Staff costs

During three-months periods ended 31 March 2021 and 31 March 2022, the composition of the **caption** Staff Costs was as follows:

	31.03.2021	31.03.2022
Remuneration	70,204,232	71,652,208
Employee benefits	1,082,290	1,652,877
Indemnities	249,516	238,251
Social Security charges	15,167,424	15,212,086
Occupational accident and health insurance	1,022,513	995,564
Social welfare costs	1,578,450	2,238,380
Other staff costs	32,783	29,439
	89,337,208	92,018,805

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

During the three-months periods ended 31 March 2021 and 31 March 2022, the fixed and variable remunerations attributed to the members of the statutory bodies of CTT, SA, were:

Company	31.03.2021				Total
	Board of Directors	Audit Committee	Remuneration Board	General Meeting of Shareholders	
Short-term remuneration					
Fixed remuneration	717,999	39,643	4,950	—	762,592
Annual variable remuneration	—	—	—	—	—
	717,999	39,643	4,950	—	762,592
Long-term remuneration					
Defined contribution plan RSP	49,425	—	—	—	49,425
Long-term variable remuneration	—	—	—	—	—
	49,425	—	—	—	49,425
	767,424	39,643	4,950	—	812,017

Company	31.03.2022				Total
	Board of Directors	Audit Committee	Remuneration Board	General Meeting of Shareholders	
Short-term remuneration					
Fixed remuneration	694,908	39,643	4,950	—	739,501
Annual variable remuneration	—	—	—	—	—
	694,908	39,643	4,950	—	739,501
Long-term remuneration					
Defined contribution plan RSP	49,425	—	—	—	49,425
Long-term variable remuneration	362,143	—	—	—	362,143
	411,568	—	—	—	411,568
	1,106,476	39,643	4,950	—	1,151,069

Long-term variable remuneration

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

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

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

- a. The plan sets out the number of options allocated that may be exercised by the Plan’s participants (the CEO, the CFO, the remaining executive Directors and the Top Manager), as detailed:

Tranche	Number of options - per participant			Strike Price
	CEO	CFO	Other executive Directors	
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

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

of the situations that give rise to the application of the adjustment mechanisms mentioned below and material breaches of the terms of the plan;

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

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

The amount related to the share plan recognized as at 31 December 2021, amounted to 1,626,429 Euros, with the financial settlement component, recognized under the caption “Employee benefits”, in the amount of 411,431 Euros and the component of settlement in instruments recognized under the caption “Other reserves”, in the amount of 1,215,000 Euros. In the three-months period ended 31 March 2022, the amount recognized in personnel costs amounted to 542,143 Euros, of which 137,143 Euros corresponds to the cash settlement component and 405,000 Euros correspond to the instrument settlement component.

Following the calculation carried out by an independent entity on 31 December 2021, an amount of 1,447,419 Euros was calculated by reference to the Remuneration Regulation as an estimate of annual variable remuneration for the members of the Governing Bodies, recognized in expenses of the period in 2021.

For the three-months periods ended 31 March 2021 and 31 March 2022, the caption Staff costs includes the amounts of 108,754 Euros and 72,083 Euros related to expenses with workers' representative bodies.

For three-months period ended 31 March 2022, the average number of staff of the Group was 12,560 (12,053 employees for the period ended 31 March 2021).

24. Interest expenses and Interest income

For the three-months periods ended 31 March 2021 and 31 March 2022, the caption Interest Expenses had the following detail:

	31.03.2021	31.03.2022
Interest expenses		
Bank loans	458,383	406,063
Lease liabilities	764,361	733,266
Interest costs from employee benefits	892,743	970,726
Other interest costs	31,188	89,277
	2,146,675	2,199,332

During the three-months periods ended 31 March 2021 and 31 March 2022, the **Company** caption Interest income was detailed as follows:

	31.03.2021	31.03.2022
Interest income		
Deposits in credit institutions	4,093	4,676
Other supplementary income	1,893	106,438
	5,986	111,114

25. Income tax for the period

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

Corporate income tax is levied on CTT and its subsidiaries CTT – Expresso, S.A., Payshop Portugal, S.A, CTT Contacto, S.A. and Banco CTT, S.A., 321 Crédito – Instituição Financeira de Crédito, S.A. e CTT Soluções Empresariais, S.A. as a result of the option for the Special Regime for the Taxation of Groups of Companies (“RETGS”) application. The remaining companies are taxed individually. The entities 321 Crédito – Instituição Financeira de Crédito S.A. and CTT Soluções Empresariais, S.A. integrated the RETGS in the previous financial year. The entity CTT IMO – Sociedade Imobiliária, S.A. integrated the RETGS in this financial year.

Reconciliation of the income tax rate

For the three-months periods ended 31 March 2021 and 31 March 2022, the reconciliation between the nominal rate and the effective income tax rate was as follows:

	31.03.2021	31.03.2022
Earnings before taxes (a)	13,261,575	7,238,916
Nominal tax rate	21.0%	21.0%
	2,784,931	1,520,173
Tax Benefits	(68,686)	(73,476)
Accounting capital gains/(losses)	(3,698)	(1,964)
Tax capital gains/(losses)	1,849	980
Equity method	103,442	(112,806)
Provisions not considered in the calculation of deferred taxes	(17,021)	12,287
Impairment losses and reversals	51,956	64,538
Compensation for insurable events	40,437	64,208
Depreciation and car rental charges	6,486	6,832
Credits uncollectible	8,935	29,676
Difference between current and deferred tax rates	—	—
Fines, interest, compensatory interest and other charges	2,851	1,802
Other situations, net	998,019	29,245
Adjustments related with - autonomous taxation	130,283	140,903
Adjustments related with - undistributed variable remuneration	—	—
Tax losses without deferred tax	—	—
SIFIDE tax credit	(216,176)	—
Insufficiency / (Excess) estimated income tax	—	(95,617)
Subtotal (b)	3,823,607	1,586,782
(b)/(a)	28.83%	21.92%
Adjustments related with - Municipal Surcharge	228,486	112,747
Adjustments related with - State Surcharge	475,933	126,788
Income taxes for the period	4,528,025	1,826,317
Effective tax rate	34.14%	25.23%
Income taxes for the period		
Current tax	3,706,665	1,082,200
Deferred tax	1,037,536	839,734
SIFIDE tax credit	(216,176)	—
Insufficiency / (Excess) estimated income tax	—	(95,617)
	4,528,025	1,826,317

For the three-month period ended 31 March 2021, the caption “SIFIDE Tax Credit” refers to the reimbursement of SIFIDE for the year 2018.

Deferred taxes

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

	31.12.2021	31.03.2022
Deferred tax assets		
Employee benefits - healthcare	73,832,987	73,462,321
Employee benefits - pension plan	68,583	67,212
Employee benefits - other long-term benefits	4,208,731	4,607,437
Impairment losses and provisions	4,139,032	3,798,357
Tax losses carried forward	2,078,911	2,078,965
Impairment losses in tangible fixed assets	481,187	503,586
Long-term variable remuneration (Board of directors)	455,400	607,200
Land and buildings	343,652	343,652
Tangible assets' tax revaluation regime	1,282,862	1,202,683
Other	363,742	662,963
	87,255,087	87,334,376
Deferred tax liabilities		
Revaluation of tangible fixed assets before IFRS	1,684,213	1,616,472
Suspended capital gains	658,042	651,505
Non-current assets held for sale	42,718	6,017
Other	42,540	1,072,625
	2,427,513	3,346,620

The deferred tax asset related to Tangible assets tax revaluation regime was recognized following the Companies' accession to the regime established in Decree-Law no. 66/2016, of 3 November. In the year ended 31 March 2022 the deferred tax asset amounts to 1,202,683 Euros.

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

As at 31 March 2022, the expected amount of deferred tax assets and liabilities to be settled within 12 months is 3.2 million Euros and 0.4 million Euros, respectively.

During the years ended 31 December 2021 and 31 March 2022, the movements which occurred under the deferred tax captions were as follows:

	31.12.2021	31.03.2022
Deferred tax assets		
Opening balances	87,891,869	87,255,087
Changes in the consolidation perimeter		
Effect on net profit	(745,695)	(370,666)
Employee benefits - healthcare	3,037	(1,371)
Employee benefits - pension plan	1,022,295	398,706
Employee benefits - other long-term benefits	(797,419)	(340,675)
Impairment losses and provisions	1,291,917	54
Tax losses carried forward	72,431	22,399
Impairment losses in tangible fixed assets	—	—
Long-term variable remuneration (Board of directors)	401,422	151,800
Land and buildings	(12,118)	—
Tangible assets' tax revaluation regime	(320,715)	(80,179)
Other	(154,405)	298,894
Effect on equity		
Employee benefits - healthcare	(1,390,302)	—
Employee benefits - pension plan	(7,230)	—
Other	—	327
Closing balance	87,255,087	87,334,376

	31.12.2021	31.03.2022
Deferred tax liabilities		
Opening balances	2,793,698	2,427,513
Changes in the consolidation perimeter		
Effect on net profit	(270,958)	(67,741)
Revaluation of tangible fixed assets before IFRS adoption	(26,149)	(6,537)
Suspended capital gains	(40,292)	—
Other	16,344	993,627
Effect on equity		
Fair Value Reserve	(13,384)	(243)
Other	(31,746)	—
Closing balance	2,427,513	3,346,620

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

Group	31.12.2021		31.03.2022	
	Tax losses	Deferred tax assets	Tax losses	Deferred tax assets
CTT – Espresso, S.A., branch in Spain	75,434,282	—	76,526,374	—
CTT Espresso/Transporta	13,747,683	2,075,283	13,705,883	2,068,075
Total	89,181,965	2,075,283	90,232,257	2,068,075

Regarding CTT – Espresso, S.A., branch in Spain (prior Tourline), the tax losses of the years 2008, 2009 and 2011 may be reported in the next 15 years (available for reporting until 2023, 2024 and 2026, respectively), the tax losses related to 2012, 2013 and 2014 may be carried forward in the next 18 years (available for reporting until 2030, 2031 and 2032, respectively) and the tax losses of the years 2015, 2016, 2017, 2018, 2019, 2020 and 2021 have no time limit for deduction. No deferred tax assets associated with CTT Espresso branch in Spain's tax losses were recognized, given its losses history.

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

It should be noted that, following the acquisition of Transporta, a request was made to maintain the tax losses that had been determined with reference to the periods of 2014 and 2015 (in the amounts of 4,536,810 Euros and 3,068,088 Euros, available for reporting until 2028 and 2029, respectively), for which a favourable response was obtained from the Tax Authority during 2021.

The sensitivity analysis performed allows us to conclude that a 1% reduction in the underlying rate of deferred tax would imply an increase in the income tax for the period of about 2.41 million Euros.

SIFIDE

Considering the historical data associated with this reality, the policy for recognition of fiscal credits regarding SIFIDE tend to be the recognition of the credit at the moment of the effective receipt from the commission certification statement, certifying the eligibility of expenses presented in the applications for tax benefits.

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

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

As for the 2021 financial year, the Group is still identifying and quantifying the expenses incurred with R&D that will be included in the applications that will be submitted during the course of the current year.

Other information

Pursuant to the legislation in force in Portugal, income tax returns are subject to review and correction by the tax authorities for a period of four years (five years for Social Security), except when there have been tax losses, tax benefits have been received, or when inspections, claims or challenges are in progress, in which cases, depending on the circumstances, these years are extended or suspended. Therefore, CTT's income tax returns from 2018 and onwards may still be reviewed and corrected.

The Board of Directors of the **Company** 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 31 March 2022.

26. Related parties

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

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

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

For the three-months periods ended 31 March 2021 and 31 March 2022, the following transactions took place and the following balances existed with related parties:

Group	31.03.2021					
	Accounts receivable	Accounts payable	Revenues	Costs	Dividends	Financial investments / Increase in share capital
Shareholders	—	—	—	—	—	—
Group companies						
Associated companies	—	—	—	—	—	—
Jointly controlled	691,917	2,050	314,019	252,591	—	—
Members of the (Note 23)						
Board of Directors	—	—	—	717,999	—	—
Audit Committee	—	—	—	39,643	—	—
Remuneration Committee	—	—	—	4,950	—	—
General Meeting	—	—	—	—	—	—
	691,917	2,050	314,019	1,015,183	—	—

31.03.2022

Group	Accounts receivable	Accounts payable	Revenues	Costs	Dividends	Financial investments / Increase in share capital
Shareholders	—	—	—	—	—	—
Group companies						
Associated companies	—	—	—	—	—	—
Jointly controlled	198,694	—	180,830	160,498	—	—
Members of the (Note 23)						
Board of Directors	—	—	—	694,908	—	—
Audit Committee	—	—	—	39,643	—	—
Remuneration Committee	—	—	—	4,950	—	—
General Meeting	—	—	—	—	—	—
	198,694	—	180,830	899,999	—	—

In the context of transactions with related parties, no commitments were made, nor were any guarantees given or received in addition to the comfort letters assumed regarding CTT Expresso, branch in Spain, mentioned in Note 19.

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

The remunerations attributed to the members of the statutory bodies of CTT, S.A. are disclosed in note 23 – Staff Costs.

27. Other information

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

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

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

The concession agreement sets out that, for the year 2022, which will be the transition period, the prices of the services included in the universal postal service offer to be implemented by CTT shall respect a maximum annual average variation of 6.80%, which considers the decline in mail volumes observed in the first nine months of 2021 and the variation of the Consumer Price Index for the Transport expense

category, as communicated by the National Statistics Institute for the month of October 2021. The pricing proposal was submitted to ANACOM on 28 February and the new prices entered into force on 7 March 2022, without prejudice to the evaluation to be carried out by ANACOM, in accordance with the provisions of said agreement.

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

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

With regard to the legal proceedings relating to ANACOM's Decision regarding the quality of service parameters and performance targets applicable to the universal postal service provision, of July 2018, CTT was notified of the State's appeal to the South Administrative Central Court, considering that the arbitration court should have declined jurisdiction to judge both CTT requests.

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

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

Impacts of geopolitical events in Ukraine

The geopolitical events in Ukraine, military actions taken by Russia and the response of several countries, namely Europeans and the United States, in the form of economic sanctions, could affect global markets, logistics chains and economic developments in general. Although CTT has no direct exposure to Russian entities, the conflict may also have indirect impacts for the **Group** which, at the present date, it is not possible to estimate with a reasonable degree of confidence.

28. Subsequent events

At the Annual General Meeting held on 21 April 2022, a reduction in share capital of up to 2,325,000 Euros was approved for the purpose of releasing excess capital, by means of cancellation of up to 4,650,000 shares representing up to 3.1% of the share capital already acquired or to be acquired in connection with a share buyback programme, as well as on related reserves, and on the corresponding amendment to paragraphs 1 and 2 of article 4 of the Articles of Association.

With the exception of the above, after 31 March 2022 and up to the present date, no relevant or material facts have occurred in the Group's activity that have not been disclosed in the notes to the financial statements.