We make our path fully committed to deliver

Consolidated Results
2023

CTT - Correios de Portugal, S.A.
2023 Consolidated Results

- **Revenues**[1] reached €985.2m in 2023 (+€78.6m; +8.7% y.o.y), underpinned by Express & Parcels (+€81.6m; +31.5% y.o.y); Banco CTT (+€21.8m; +17.3% y.o.y) and Financial Services & Retail (+€2.1m; +3.4% y.o.y), and partially attenuated by Mail & Other (-€26.8m; -5.8% y.o.y). For the first time in CTT's history, in 4Q23 E&P was the biggest contributor to both revenues and recurring EBIT.
- **Mail & Other** revenues reached €434.1m in 2023. Excluding a project related to the sale of laptops and the rerun of the legislative elections that took place in 2022, Mail & Other revenues would have been flattish (-€1.8m; -0.4% y.o.y), benefiting from growth in transactional mail (+€4.5m; +1.3% y.o.y, excluding the elections impact).
- **Express & Parcels** again achieved in 4Q23 a strong double-digit growth in revenues (+55.9% y.o.y) and in volumes (+70.7% y.o.y), having accelerated versus 3Q23 (+35.5% y.o.y in revenues; +46.7% y.o.y in volumes), driven mainly by the performance in Spain (+107.4% y.o.y in revenues; +126.8% y.o.y in volumes). Growth acceleration in 4Q23 boosted revenues of this segment to €340.6m in 2023.
- **Banco CTT** revenues grew to €147.7m in 2023, underpinned by net interest income, which amounted to €98.8m (+€24.4m; +32.9% y.o.y). This performance was driven by growth in auto and mortgage loans, while benefiting from the favourable evolution of interest rates. Banco CTT is growing towards its 2025 targets, driven by the solid expansion of the client base, with the number of current accounts reaching 647k (+45k y.o.y), and by a €1b increase in business volumes in 2023.
- **Financial Services & Retail** recorded revenues of €62.8m in 2023. Growth was driven by the exceptionally high contribution of public debt certificates, especially savings certificates, in 1H23. As from June, the new features of this product and higher competition from bank deposits led to a decline in 2H23.
- **Recurring EBIT** reached €87.6m in 2023 (+€23.0m; +35.7% y.o.y), even higher than the guidance, which was twice revised upwards throughout the year. The margin reached 8.9% (7.1% in 2022) with strong growth in Express & Parcels, Financial Services & Retail and Banco CTT.
- **Operating cash flow** stood at €114.4m in 2023 (+€14.9m; +14.9% y.o.y).
- **Net profit**[2] of €60.5m in 2023 (+€24.1m ; +66.2% y.o.y).
- On the back of strong growth in Iberian E&P, we expect **recurring EBIT in 2024 to be above €88m**, assuming public debt placements of c. €3.0b.

Consolidated results

€ million

	2022	2023	Δ	Δ%	4Q22	4Q23	Δ	Δ%
Revenues[1]	**906.6**	**985.2**	**78.6**	**8.7%**	**243,8**	**269.8**	**26.0**	**10.6%**
Mail & Other	460.9	434.1	(26.8)	(5.8%)	115,4	111.1	(4.4)	(3.8%)
Express & Parcels	259.0	340.6	81.6	31.5%	71.2	111.1	39.8	55.9%
Banco CTT	126.0	147.7	21.8	17.3%	36.0	39.6	3.7	10.2%
Financial Services & Retail	60.7	62.8	2.1	3.4%	21.2	8.0	(13.2)	(62.3%)
Operating costs	**777.3**	**833.3**	**56.0**	**7.2%**	**201.4**	**233.5**	**32.1**	**15.9%**
EBITDA[1]	**129.3**	**151.9**	**22.6**	**17.5%**	**42.5**	**36.3**	**(6.2)**	**(14.5%)**
Depreciation & amortisation	64.8	64.3	(0.4)	(0.7%)	16.7	16.8	0.1	0.6%
Recurring EBIT	**64.5**	**87.6**	**23.0**	**35.7%**	**25.8**	**19.5**	**(6.3)**	**(24.3%)**
Specific items	8.4	9.8	1.4	16.6%	12.6	(1.2)	(13.8)	(109.5%)
EBIT	**56.1**	**77.8**	**21.7**	**38.6%**	**13.1**	**20.7**	**7.6**	**57.8%**
Net profit for the period[2]	**36.4**	**60.5**	**24.1**	**66.2%**	**8.1**	**25.0**	**16.9**	**»**

[1] Excluding specific items.
[2] Consolidated, attributable to equity holders. In individual accounts, net profit attributable to equity holders amounted to €70.8m.

1. Operational and Financial Performance

Consolidated revenues

CTT revenues reached €985.2m in 2023 (+€78.6m; +8.7% y.o.y), underpinned by Express & Parcels (+€81.6m; +31.5% y.o.y); Banco CTT (+€21.8m; +17.3% y.o.y) and Financial Services & Retail (+€2.1m; +3.4% y.o.y), and partially attenuated by Mail & Other (-€26.8m; -5.8% y.o.y).

As mentioned above, for the first time in CTT's history, in 4Q23 Express & Parcels was the biggest contributor to revenues.

Mail & Other

In 2023, Mail & Other **revenues** amounted to €434.1m (-€26.8m; -5.8% y.o.y). This decline versus 2022 was impacted by two effects registered in 1Q22: (i) the revenues from the laptop sale project (€21.5m) in the **business solutions** segment; and (ii) additional revenues from **international outbound mail** in February 2022 due to the rerun of legislative elections in the European constituency (€3.5m), which specifically impacted transactional mail revenues.

Excluding those effects, the revenues of this business unit would have been flattish (-€1.8m; -0.4% y.o.y), benefiting from the growth in transactional mail (+€4.5m; +1.3% y.o.y, excluding the elections impact).

In 2023, **transactional mail** revenues reached €342.6m (+€1.0m; +0.3% y.o.y), due to the positive performances of **registered mail** (+€8.8m; +7.0% y.o.y) and **international inbound mail** (+€0.8m; +4.6% y.o.y). **International outbound mail** revenues decreased by €0.9m (-2.1% y.o.y) penalised by the additional revenues from the legislative elections in 1Q22. Excluding this impact, they would have grown by €2.6m (+6.7% y.o.y). There were declines in **ordinary mail** (-€6.2m; -4.7% y.o.y), **priority mail** (-€1.3m; -16.3% y.o.y) and **green mail** (-€0.4m; -4.4% y.o.y).

The other business lines posted decline: **editorial mail** (-€0.7m; -5.3% y.o.y), **advertising mail** (-€4.5m; -26.0% y.o.y), **parcels of the universal postal service** (-€0.1m; -1.5% y.o.y), **philately** (-€0.1m; -2.9% y.o.y), and **other mail products and services** (-€0.8m; -17.9% y.o.y).

In **philately**, special mention to the launch on 9 October, World Postal Day, of the philatelic issue "Saint Francis of Assisi - 800 Years of the Greccio Nativity Scene", the first one issued by CTT on 100% recycled paper.

In 2023, **business solutions** recorded revenues of €44.8m (-€22.5m; -33.5% y.o.y). Excluding the effect of the additional sale of laptops that took place in 1Q22, the decline would have been €1.0m (-2.2% y.o.y) and is related to the lack of investment in tradable goods businesses in 2023, unlike the previous year.The **business process services (BPO)** business grew with the full incorporation of Newspring, a company specialising in BPO and **contact centres**, acquired by CTT in 2021, and with the attraction and implementation of new businesses in different sectors. Noteworthy are (i) the increase in revenues from the solution for **managing administrative offences and administrative instructions**, (ii) the higher volume of hybrid mail produced by the new version of the "**e-Carta**" platform, which is a tool for the clients to optimise their internal mail sending processes, and (iii) the growth of the **digital components**, with the provision of mailing services (invoices) with Qualified Digital Signature pursuant to Decree-Law no. 28/2019 of 15 February.

In 2023, **addressed mail volumes** declined by 8.0% y.o.y. Excluding the one-off volumes of international outbound mail in February 2022, due to the rerun of the legislative elections in the European constituency, this decrease would have been 7.8% y.o.y.

Mail volumes

Million items

	2022	2023	Δ	Δ%	4Q22	4Q23	Δ	Δ%
Transactional mail	391.5	365.1	(26.4)	(6.7%)	92.6	86.2	(6.3)	(6.8%)
Advertising mail	38.6	30.9	(7.7)	(19.9%)	10.4	9.0	(1.4)	(13.5%)
Editorial mail	27.6	25.1	(2.5)	(9.0%)	7.2	6.3	(0.9)	(12.0%)
Addressed mail	**457.6**	**421.1**	**(36.5)**	**(8.0%)**	**110.1**	**101.5**	**(8.6)**	**(7.8%)**
Unaddressed advertising mail	**424.6**	**259.1**	**(165.5)**	**(39.0%)**	**109.7**	**61.1**	**(48.6)**	**(44.3%)**

Transactional mail volumes decreased by 6.7% y.o.y in 2023.

Ordinary mail declined by 7.5% y.o.y as a consequence of the intrinsic trend in the postal sector due to the digital transformation of communications.

In 2023, **international outbound mail** decreased by 10.0% y.o.y (-4.2% y.o.y excluding the volumes from the elections) and **international inbound mail** recorded a decrease of 8.9% y.o.y.

In the opposite direction, **registered mail** volumes continued to grow (+4.1% y.o.y), driven by the dynamics of contractual customers, especially the government and banking & insurance sectors.

The average price change of the universal postal service[3] in 2023 was +6.24% y.o.y. At the revenue level, volume declines were more than compensated by the price increase and by the favourable evolution of the transactional mail volume mix.

Addressed advertising mail volumes posted a decrease of 19.9% y.o.y and **unaddressed advertising mail** decreased by 39.0% y.o.y. The rising price of paper has led some clients to opt for a more digital strategy. New strategic partnerships have been established with various institutions to extend and complement the digital advertising offer, thus seeking to anticipate needs and add value to customers.

Express & Parcels

Express & Parcels **revenues** amounted to €340.6m in 2023 (+€81.6m; +31.5% y.o.y), due to high growth in volumes both in Spain and Portugal, benefiting from market share gains and increased adoption of e-commerce.

Revenues in Portugal recorded €149.1m in 2023 (+€16.9m; +12.8% y.o.y) and volumes totalled 38.9 million items (+17.6% y.o.y).

CEP revenues amounted to €135.8m in 2023 (+€16.9m; +14.3% y.o.y), with an 18.4% y.o.y. increase of volumes per working day. This growth was underpinned essentially by e-commerce (B2C) customers, particularly large global marketplaces and international e-sellers. The risk of business concentration is significantly low, given the high sectoral diversification of CEP customers.

The increase centred on e-commerce activity is a result of the significant growth in e-commerce, driven by greater access to the internet, convenience in transactions and the continuous development of payment systems, promoting a safer experience for consumers.

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

The **banking documents delivery** product line recorded revenues of €4.3m in 2023 and remained stable (-0.3% y.o.y) in a moment when the capillarity of banking networks and the collection/delivery frequency have been decreasing, partly offset by price increases.

Revenues of the **cargo** product line amounted to €4.0m in 2023 (-19.2% y.o.y). This decrease is related to the change in the operating strategy, which aimed at repositioning this product line within positive margin levels (the contribution margin[4] in 2023 was 18.5%). This implied the exit of some customers as well as the withdrawal from some activity sectors without operating synergies.

The **logistics** product line, which is a pillar of the development of the vertical integration strategy with CEP, recorded revenues of €3.9m in 2023 (+13.5% y.o.y). This evolution was underpinned by business growth from current and new customers, both in e-commerce and B2B.

CTT continued to roll out its **Locky locker network**, which surpassed 820 lockers installed in Portugal, plus circa 330 already contracted and more than 600 under negotiation. In total, the Locky locker network includes around 1,150 lockers installed and/or contracted. Locky lockers are part of the **CTT delivery points network**, the largest and most capillary national network, with more than 3,000 points where customers can collect and send as well as return their parcels with maximum convenience, 24 hours a day in most lockers, every day of the week. These lockers are available in various locations around the country, namely in shopping centres, supermarkets, gas stations and intermodal transport platforms or, in the case of private lockers, in condominiums and in office/business areas. Locky lockers are an agnostic network and, since 4Q23, another carrier, in addition to CTT, has been using this locker network. The work of the Locky offer was recognised at the Portugal Digital Awards, where CTT won in the "Best of Customer & Consumers Project" category.

Revenues in Spain stood at €186.8m in 2023 (+51.9% y.o.y), with 61.7 million items (+57.4% y.o.y). Of particular note is the remarkable double-digit growth from 2Q23 onwards both in revenues (+36.6% y.o.y in 2Q23; +58.0% y.o.y in 3Q23; +107.4% y.o.y in 4Q23) and volumes (+44.2% y.o.y in 2Q23; +68.9% y.o.y in 3Q23; +126.8% in 4Q23), with 4Q23 volumes more than doubling those of 4Q22.

The growth achieved is fuelled by strategic customers, namely international e-sellers, who continued to perform well, leveraged on the onboarding of relevant new customers. It is also underpinned by a stronger marketing and commercial activity more focussed on the customer portfolio of all segments, especially smaller clients (i.e. those with daily volumes below 20,000 items) who achieved a positive performance and thus contributed to improved revenue diversification. This growth was possible due to the investments made in anticipation of market expansion in Spain.

It should be emphasised that CTT Express maintained a quality service with high delivery efficiency rates and an increase in volumes per working day of +57.7% y.o.y in 2023.

The new unit in San Fernando de Henares is already operating at full capacity, adding to the capacity of the sorting network and providing the customs clearance service integrated in the last-mile delivery, thus significantly reducing delivery times for extra-EU volumes.

In addition, more than 10,000 convenience points in Spain have been incorporated into the network, which, when added to CTT's network in Portugal, is the largest convenience point network in the entire Iberian Peninsula.

This growth consolidated the profitability of CTT Express, which enabled it to achieve a positive recurring EBIT of €6.7m in 2023 in individual accounts, contributing to the good performance of the CTT Group. This recurring EBIT corresponds to a 3.4% margin. It should be noted that CTT Express had achieved recurring EBIT break-even in 2022.

Revenues in Mozambique in 2023 amounted to €4.7m (+21.0% y.o.y). This growth was driven by a partnership with a freight forwarder in Africa which started at the end of 1Q22.

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

Banco CTT

Banco CTT **revenues** reached €147.7m in 2023 (+€21.8m; +17.3% y.o.y). Revenue growth was due to the positive performance of **net interest income**, which totalled €98.8m in 2023 (+€24.4m; +32.9% y.o.y). Interest received increased by €51.7m compared to 2022, benefiting from higher interest rates and volume growth. Interest paid increased by €27.3m compared to 2022 due to the increase in interest rates on customer deposits and securitisations of auto loans.

Interest from **auto loans** amounted to €53.1m in 2023 (+€8.0m; +17.7% y.o.y), benefiting from the growth of the loan portfolio net of impairments of €860.3m (+13.2% vs. December 2022), as well as from a stable 6.2% average yield in 2023 compared to 2022. Auto loans production stood at €270.3m in 2023 (+3.0% y.o.y).

Interest from **mortgage loans** stood at €23.2m in 2023 (+€17.6m; +314.8% y.o.y), taking into account that Euribor rates were significantly higher than in the same period of the previous year. Base interest rates for mortgage loans reflected strong growth as a result of the rise in key interest rates defined by the European Central Bank (ECB), due to the increase in inflation in the Euro area. The mortgage loan portfolio net of impairments totalled €727.5m in 2023 (+10.5% vs. December 2022). Mortgage loan production amounted to €212.2m in 2023 (+€66.7m; +45.8% y.o.y).

Also worthy of note is other interest received, which increased by €22.5m in 2023 compared to 2022, to which essentially contributed the **liquidity surplus** at Banco de Portugal.

The **cartão Universo** consumer credit portfolio generated revenues of €20.9m in 2023 (-€0.8m; -3.6% y.o.y), based on an average RWA in 2023 amounting to €297.5m. The end of the partnership on 31 December 2023, in view of the current economic context, in particular interest rates and the associated cost of risk, will thus improve the risk profile and strengthen Banco CTT's balance sheet and solvency, increasing its flexibility.

Commissions received in this business unit reached €46.2m in 2023 (+€0.7m; +1.6% y.o.y), as under the current economic environment the focus has been placed on growing resources, namely on balance sheet.

Customer deposits (retail) stood at €3,091.0m in December 2023 (+37.7% vs. December 2022), with a 174.4% increase in remunerated deposits and a 16.5% reduction in sight deposits compared to December 2022. The **number of accounts** reached 647k at the end of 2023 (+45k y.o.y).

The **loan-to-deposit ratio** (consolidated) reached 51.0% as at the end of December 2023.

The **cost of risk** (consolidated and accumulated as at December 2023) stood at 1.3%, down by 0.1 p.p. compared to December 2022, influenced by higher levels of risk in the consumer credit portfolios, in particular with the Universo card. Is should be noted that the end of the activity related to the Universo card will reduce the risk associated with the credit portfolio of Banco CTT.

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

- Reach 700k to 750k accounts (compared to 647k in 2023);
- Grow in customer resources and loans to customers to business volumes of over €7b (compared to €5.8b in 2023);
- Deliver on profitability, with pre-tax profits between €25m and €30m (compared to €21.0m in 2023).

Financial Services & Retail

Financial Services & Retail **revenues** amounted to €62.8m in 2023 (+€2.1m; +3.4% y.o.y). This positive performance, when compared to 2022, stems from financial services, namely public debt certificates, especially savings certificates, which showed different performances over the course of the year.

In the first five months of 2023, public debt certificates reached record issuance levels, driven by the product's greater attractiveness. The change in marketing conditions, namely lower interest rates and a decrease in the maximum amount that can be placed by each subscriber, reduced the public debt certificates' attractiveness and limited their placement throughout the rest of the year.

Financial services (excluding other revenues) posted revenues of €50.7m in 2023 (+€8.8m; +21.1% y.o.y).

Public debt certificates (Savings Certificates and Treasury Certificates Savings Growth) posted revenues of €44.4m in 2023 (+€10.9m; +32.7% y.o.y).

Throughout 2023, subscriptions of these certificates amounted to €12,590.1m, with an average of €50.8m/day (€32.7m/day in 2022), which compares with €8,138.0m subscribed throughout 2022 (and with a €4.1b average in the 2019-21).

The favourable performance of public debt certificates made it possible to absorb the negative evolution of **money orders**, which recorded revenues of €4.2m in 2023 (-€1.8m; -30.3% y.o.y).This decrease was due to the fact that, in 2022, money orders were boosted by the issue of new social benefits, as part of the extraordinary support granted within the pandemic context, combined with the structural downturn resulting from the replacement of this means of payment, mostly by bank transfers.

CTT reinforced the commercial dynamism not only of **non-banking financial products**, in the area of non-life insurance, including auto, health, personal accidents, multi-risk, among others, by entering into a distribution agreement with Generali, but also in the **provision of services**, in particular the partnership with Prosegur for the sale of alarms, launched at the end of September.

Retail products and services (excluding other revenues) reached €10.8m in revenues in 2023 (-€7.3m; -40.2% y.o.y). The strategy defined for the retail network includes repositioning it as a retail service platform, distributing: (i) public debt; (ii) insurance products; (iii) mail and express and parcels products and services, primarily under self-service form; and (iv) convenience services for citizens. Naturally, this repositioning, including the decision to discontinue the marketing of some products, such as scratch cards in July 2023, impacted the evolution of this activity in 2023.

Operating Costs

Operating costs totalled €907.4m in 2023 (+€56.9m; +6.7% y.o.y).

Operating Costs

€ million

	2022	2023	Δ	Δ%	4Q22	4Q23	Δ	Δ%
Staff costs	351.8	382.6	30.8	8.8%	88.3	99.8	11.5	13.0%
ES&S	337.9	391.5	53.6	15.9%	88.8	120.4	31.7	35.6%
Impairments & provisions	26.3	25.8	(0.5)	(1.8%)	8.9	5.3	(3.7)	(41.2%)
Other costs	61.3	33.4	(27.9)	(45.5%)	15.3	8.0	(7.3)	(47.9%)
Operating costs (EBITDA)	**777.3**	**833.3**	**56.0**	**7.2%**	**201.4**	**233.5**	**32.1**	**15.9%**
Depreciation & amortisation	64.8	64.3	(0.4)	(0.7%)	16.7	16.8	0.1	0.6%
Specific items	8.4	9.8	1.4	16.6%	12.6	(1.2)	(13.8)	(109.5%)
Corporate restructuring costs and strategic projects	9.2	(15.3)	(24.5)	«	3.9	(21.4)	(25.3)	«
Other non-recurring revenues and costs	(0.9)	25.1	25.9	»	8.8	20.2	11.5	130.8%
Operating costs	**850.5**	**907.4**	**56.9**	**6.7%**	**230.7**	**249.1**	**18.4**	**8.0%**

Staff costs increased by €30.8m (+8.8% y.o.y) in 2023, mostly as a result of the salary increase (+€15.9m), including the increase in minimum wage. Additionally, the growth in the Express & Parcels business, as well as in the contact centre and document management in the Mail & Other business solutions line also contributed to this evolution in costs.

External supplies & services costs increased by €53.6m (+15.9% y.o.y) mainly due to the growth in direct costs of the Express & Parcels services (+€50.8m), with this growth being partly offset by the reduction in direct costs of Mail services (-€13.2m) also as a result of the impact of the elections in 1Q22.

Impairments and provisions decreased by €0.5m in 2023 (-1.8% y.o.y), as a result of the reduction in impairments in the express business line (-€0.8m). This reduction was partially offset by the growth in the mortgage loan portfolio.

Other costs decreased by €27.9m (-45.5% y.o.y), mainly due to the business solutions laptop sale project that took place in 1Q22 (-€20.7m).

Depreciation & amortisation decreased by €0.4m (-0.7% y.o.y) in 2023, positively impacted by the revision of the useful life of some assets (-€3.6m). This effect was partly offset by increased amortisations due to investment in IT systems (+€2.8m) and sorting equipment (+€0.4m).

Specific items amounted to €9.8m in 2023, due to: (i) restructuring costs, namely suspension agreements of employment contracts (+€21.3m); (ii) the new conditions defined in the Plan of Social Action (-€38.7m); (iii) strategic projects (+€2.1m); (iv) the increase in impairment losses (+€13.9m), including extraordinary losses and the costs related to the early termination of the lease agreement of the former headquarters; and (v) transaction costs associated with the start-up of the Real Estate business (+€10.9m), including taxes paid on the acquisition of the properties. In the context of the suspension agreements of employment contracts, it should be mentioned that the amount of €21.3m refers to (i) costs relating to staff exits that took place during 2023 (116 employees corresponding to a total amount of €7.9m) and (ii) a provision of €13.4m already registered in 2023 for the exit of around 200 employees, which is estimated to occur in 2024.

Staff

On 31 December 2023, the number of CTT **employees** (permanent employees and fixed-term employees) was 13,670, up by 1,164 compared to 31 December 2022 (+9.3% y.o.y).

Headcount

	31.12.2022	31.12.2023	Δ	Δ%
Mail & Other	10,612	11,381	769	7.2%
Express & Parcels	1,345	1,693	348	25.9%
Banco CTT	513	558	45	8.8%
Financial Services & Retail	36	38	2	5.6%
Total, of which:	**12,506**	**13,670**	**1,164**	**9.3%**
Permanent	11,192	11,386	194	1.7%
Fixed-term contracts	1,314	2,284	970	73.8%
Portugal	11,788	12,637	849	7.2%
Other geographies	718	1,033	315	43.9%

There was an increase in the number of employees in the expanding business units, namely the Express & Parcels business unit (+348) and Banco CTT (+45). The Mail & Other business unit also grew, as a result of the increment in the Contact Centre and the Document Management activity of the business solutions area (+378) as well as the increased insourcing of the EMS distribution by the base mail network (+448) due to the strong growth of CEP volumes at the end of 2023, which was partially compensated by the prosecution of the Human Resources optimisation programme underway mainly in the central structure (-116).

Together, the areas of operations and distribution within the mail network (5,361 employees, of whom 3,902 are delivery postmen and women) and the retail network (2,165 employees) represented circa 66.1% of CTT's permanent staff.

Recurring EBIT

Recurring EBIT stood at €87.6m in 2023 (+€23.0m; +35.7% y.o.y), with a margin of 8.9% (7.1% in 2022) as a result of the strong growth in Express & Parcels (+€11.2m, +131.5% y.o.y); Banco CTT (+€11.0m (+76.1% y.o.y); Financial Services & Retail (+€5.5m, +18.0% y.o.y), and a decrease in Mail & Other (-€4.7m; -44.1% y.o.y.).

Recurring EBIT by business unit

€ million

	2022	2023	Δ	Δ%	4Q22	4Q23	Δ	Δ%
Recurring EBIT by business unit	**64.5**	**87.6**	**23.0**	**35.7 %**	**25.8**	**19.5**	**(6.3)**	**(24.3)%**
Mail & Other	10.7	6.0	(4.7)	(44.1%)	5.9	1.1	(4.8)	(82.0%)
Express & Parcels	8.5	19.7	11.2	131.5%	3.8	7.7	3.9	103.6%
Banco CTT	14.4	25.4	11.0	76.1%	4.9	7.3	2.4	49.6%
Financial Services & Retail	30.8	36.4	5.5	18.0 %	11.2	3.5	(7.7)	(68.9)%

In 4Q23 the strong growth of recurring EBIT in Express & Parcels compared to 4Q22 (+€3.9m) was driven by the growth of recurring EBIT in Spain (+€2.9m y.o.y), which was underpinned by the increase in volumes (+126.8% y.o.y), mainly e-commerce. It should be highlighted that in 4Q23 and for the first time in CTT's history, E&P was the biggest contributor to recurring EBIT. Worthy of note is also the contribution of Banco CTT (+€2.4m vs 4Q22). Both these business areas acted as growth levers, in line with the strategy implemented.

Financial results and Net profit

Consolidated financial results amounted to -€16.2m (-€6.8m; -72.5% y.o.y) in 2023.

Financial Results

€ million

	2022	2023	Δ	Δ%	4Q22	4Q23	Δ	Δ%
Financial results	**(9.4)**	**(16.2)**	**(6.8)**	**(72.5)%**	**(2.3)**	**(4.6)**	**(2.3)**	**(100.3%)**
Financial income, net	(9.2)	(16.2)	(7.0)	(76.0)%	(2.3)	(4.6)	(2.3)	(99.4%)
Financial costs and losses	(9.3)	(16.9)	(7.6)	(82.3)%	(2.3)	(4.6)	(2.3)	(97.1%)
Financial income	0.0	0.6	0.6	»	0.0	0.0	0.0	«
Gains/losses in subsidiaries, associated companies and joint ventures	(0.2)	0.0	0.2	99.8 %	0.0	0,0	0,0	(104.2%)

Financial costs and losses incurred amounted to €16.9m, mainly incorporating financial costs related to post-employment and long-term employee benefits of €7.2m, the most significant increase of which is due to the increased discount rate in the 2022 valuation, the impact of which was felt in 2023, as well as interest expense associated to finance lease liabilities linked to the implementation of IFRS 16 for an amount of €3.5m, and interest expense on bank loans for an amount of €5.6m, whereby the use of the Commercial Paper and Factoring line programmes largely explains the increase.

In 2023, CTT obtained a **consolidated net profit** attributable to equity holders of €60.5m, which is €24.1m above 2022. The evolution of the consolidated net income was positively impacted by the growth of recurring EBIT (+€23.0m) and the favourable evolution of income tax for the period (-€9.3m); it was negatively affected by (i) the worsening of financial results (-€6.8m), and (ii) specific items (-€1.4m).

Investment

In 2023, **Capex** stood at €36.1m (-€0.9m; -2.4% y.o.y), which is in broadly line with the previous year. The 2023 investment was mainly directed towards: (i) information systems (€23.4m; -€0.4m, -1.5% y.o.y), to increase the efficiency of operations, cybersecurity and improve the customer experience; (ii) buildings and facilities (€4.8m; +€0.3m, +5.7% y.o.y), including investment in the new headquarters; and (iii) equipment (€3.9m; -€2.3m, -37.1% y.o.y), a reduction explained by the strong investment in the expansion of the express and parcels network in Portugal and Spain in 2021 and 2022 and partly offset by the growth in investment in the Locky locker network.

In 4Q23, to respond to the growth acceleration in E&P volumes, investment reached €19.5m (+€2.4m; +14.1% y.o.y), with the increase mainly targeted at information systems and equipment.

Following the E&P business growth, it is anticipated that in 2024 investment will continue to be mainly directed towards sorting machines, mostly in Spain, information systems and the Locky lockers network.

Cash flow

In 2023, the Company generated an operating **cash flow** of €114.4m (+€14.9m). The growth of operating cash flow has benefited from the positive performance in terms of generated EBITDA (+€22.6m to €151.9m), as well as from the favourable impact of non-cash items on EBITDA (+€1.2m).

Cash flow

€ million

	2022	2023	Δ	Δ%	4Q22	4Q23	Δ	Δ%
EBITDA	129.3	151.9	22.6	17.5 %	42.5	36.3	(6.2)	(14.5%)
Non-cash items*	(7.2)	(6.0)	1.2	17.0 %	0.6	(2.8)	(3.4)	«
Specific items**	(8.4)	(9.8)	(1.4)	(16.6)%	(12.6)	1.2	13.8	109.5%
Capex	(37.0)	(36.1)	0.9	2.4 %	(17.1)	(19.5)	(2.4)	(14.1%)
Δ Working capital	22.8	14.4	(8.5)	(37.1)%	27.2	23.0	(4.3)	(15.6%)
Operating cash flow	**99.6**	**114.4**	**14.9**	**14.9 %**	**40.6**	**38.2**	**(2.4)**	**(5.8%)**
Employee benefits	(15.8)	(18.5)	(2.7)	(17.0)%	(4.4)	(5.8)	(1.4)	(32.4%)
Tax	(16.4)	(1.6)	14.8	90.3 %	(0.7)	(2.6)	(1.9)	«
Free cash flow	**67.4**	**94.4**	**27.0**	**40.0 %**	**35.5**	**29.8**	**(5.7)**	**(16.1%)**
Debt (principal + interest)	(16.0)	77.2	93.3	»	(0.6)	58.1	58.7	»
Dividends	(17.7)	(17.9)	(0.2)	(1.3)%	0.0	0.0	0.0	—
Acquisition of own shares	(21.6)	(10.2)	11.4	52.9 %	0.0	(5.6)	(5.6)	—
Disposal of buildings	0.4	0.0	(0.4)	(96.8)%	0.4	0.0	(0.4)	(99.1%)
Financial investments	12.0	0.0	(12.0)	(100.0)%	12.0	0.0	(12.0)	(100.0%)
Investments in associated companies and joint ventures	(0.6)	(1.7)	(1.1)	«	0.0	(1.5)	(1.5)	«
Change in adjusted cash	**23.9**	**141.8**	**117.9**	**»**	**47.3**	**80.8**	**33.5**	**70.8%**
Δ Liabilities related to Financial Serv. & others and Banco CTT, net[5]	(470.1)	(237.4)	232.7	*49.5 %*	87.8	(3.2)	(91.0)	(103.6%)
Δ Other[6]	24.8	(9.3)	(34.0)	(137.5)%	11.5	2.9	(8.6)	(74.6%)
Net change in cash	**(421.4)**	**(104.9)**	**316.5**	**75.1 %**	**146.6**	**80.6**	**(66.0)**	**(45.0%)**

*Impairments, Provisions and IFRS 16 affecting EBITDA.

**Specific items affecting EBITDA.

The growth of EBITDA more than offset the negative evolution of working capital (-€8.5m), and specific items (-€1.4m).

In terms of working capital, it should be noted that the evolution observed in 2023 was largely influenced by the performance of the EBITDA-related component, impacting working capital by -€9.5m, in which the positive impact of the increase in activity in 2023 was attenuated by the recovery of receivables in the previous period.

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

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

Consolidated balance sheet

Consolidated balance sheet

€ million

	31.12.2022	31.12.2023	Δ	Δ%
Non-current assets	2,253.3	2,354.7	101.4	4.5%
Current assets	1,804.2	2,402.0	597.7	33.1%
Assets	**4,057.5**	**4,756.6**	**699.2**	**17.2%**
Equity	**224.9**	**253.3**	**28.3**	**12.6%**
Liabilities	**3,832.6**	**4,503.4**	**670.8**	**17.5%**
Non-current liabilities	789.4	689.6	(99.8)	(12.6%)
Current liabilities	3,043.1	3,813.8	770.6	25.3%
Equity and consolidated liabilities	**4,057.5**	**4,756.6**	**699.2**	**17.2%**

The key aspects of the comparison between the **consolidated balance sheet** as at 30.12.2023 and that as at 31.12.2022 are as follows:

- **Assets** grew by €699.2m, mainly due to increased other banking financial assets (+€812.4m) as a result of the increase of Banco CTT's investments in central banks and in debt securities at amortised cost (+€191.7m). These effects were partially offset by the decrease in cash and cash equivalents following the reduction in public debt subscriptions (-€104.9m), as well as in the credit to banking clients (-€184.4m) mainly explained by the end of the credit card partnership with Sonae.

- **Equity** increased by €28.3m following the net profit attributable to equity holders of the CTT Group in 2023 in the amount of €60.5m, the payment of dividends amounting to €17.8m that took place in CTT, SA, the acquisition of own shares in the amount of €10.2m and the reduction in other changes in equity (-€3.5m) resulting from the recognition of actuarial changes relating to the 2023 valuation.

- **Liabilities** increased by €670.8m, due in particular to the increase in: (i) Banking clients' deposits and other loans (€845.6m); (ii) medium and long-term debt (+€73.1m) as a result of the combined effect of the commercial paper programmes contracted and the repayment of the loans with Novo Banco and BBVA/Bankinter, as well as the short-term loan recognised at the end of the year; and (iii) the increase in other current liabilities (+€31.2m). On the other hand, there was a reduction in accounts payable (-€151.3m) due to lower subscriptions of public debt certificates, a decrease in debt securities issued at amortised cost (-€98.2m) following the withdrawals made, and the reduction in the liabilities related to employee benefits (-€35.6m) following the changes to the CTT Healthcare Plan.

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

€ million

	31.12.2022*	31.12.2023	Δ	Δ%
Non-current assets	683.2	713.0	29.8	4.4%
Current assets	577.9	506.7	(71.2)	(12.3%)
Assets	**1,261.0**	**1,219.6**	**(41.4)**	**(3.3%)**
Equity	**225.2**	**253.4**	**28.3**	**12.6%**
Liabilities	**1,035.9**	**966.2**	**(69.7)**	**(6.7%)**
Non-current liabilities	331.7	333.8	2.1	0.6%
Current liabilities	704.2	632.4	(71.8)	(10.2%)
Equity and consolidated liabilities	**1,261.0**	**1,219.6**	**(41.4)**	**(3.3%)**

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

Liabilities related to employee benefits

Liabilities related to employee benefits (post-employment and long-term benefits) stood at €173.5m in December 2023, down by 17.5% compared to December 2022, broken down as specified in the table below:

Liabilities related to employee benefits

€ million

	31.12.2022	31.12.2023	Δ	Δ%
Total liabilities	**210.2**	**173.5**	**(36.7)**	**(17.5%)**
Healthcare	190.4	154.2	(36.1)	(19.0%)
Healthcare (321 Crédito)	1.0	1.1	0.1	10.7%
Suspension agreements	10.3	11.4	1.1	10.5%
Other long-term employee benefits	5.1	4.7	(0.4)	(8.6%)
Other long-term benefits (321 Crédito)	0.2	0.2	0.0	10.1%
Pension plan	0.2	0.2	(0.0)	(6.2%)
Other benefits	3.0	1.7	(1.3)	(44.3%)
Deferred tax assets	(59.5)	(49.4)	10.1	17.0%
Current amount of after-tax liabilities	**150.7**	**124.1**	**(26.6)**	**(17.7%)**

As mentioned above, the reduction in the liabilities related to employee benefits (-€36.7m) benefited from the changes to the CTT Healthcare Plan.

These liabilities related to employee benefits are associated with deferred tax assets amounting to €49.4m, which brings the current amount of liabilities related to employee benefits net of deferred tax assets associated with them to €124.1m.

Consolidated net debt

Consolidated net debt

€ million

	31.12.2022	31.12.2023	Δ	Δ%
Net debt	**29.8**	**(39.0)**	**(68.7)**	**«**
ST & LT debt	**196.0**	**269.0**	**73.1**	**37.3%**
of which Finance leases (IFRS16)	125.9	118.3	(7.6)	(6.1%)
Adjusted cash (I+II)	**166.2**	**308.0**	**141.8**	**85.3%**
Cash & cash equivalents	**456.5**	**351.6**	**(104.9)**	**(23.0%)**
Cash & cash equivalents at the end of the period (I)	**410.8**	**315.2**	**(95.6)**	**(23.3%)**
Other cash items	45.7	36.4	(9.3)	(20.3%)
Other Financial Services liabilities, net (II)	**(244.6)**	**(7.2)**	**237.4**	**97.0%**

The key aspects of the comparison between the **consolidated net debt** as at 31.12.2023 and that as at 31.12.2022 are as follows:

- **Adjusted cash** grew by €141.8m, as the positive performance of the operating cash flow (+€114.4m) offset the payment of employee benefits (-€18.5m), the payment of dividends (-€17.9m), the acquisition of own shares (-€10.2m) and investments in associated companies (-€1.7m). The contracting of commercial paper programmes (+€34.9m) and the short-term loan recognised in December (+€60m) also contributed to the growth in adjusted cash.

- **Short-term & long-term debt** increased by €73.1m essentially due to the combined effect of the decrease in lease liabilities (-€7.6m), the amortisation of the loans with Novo Banco and BBVA/ Bankinter (-€14.1m), as well as the contracting of the commercial paper programmes (+€34.9m) and the short-term loan (+€60m) mentioned above.

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

€ million

	31.12.2022*	31.12.2023	Δ	Δ%
Net debt with Banco CTT under equity method	**185.7**	**177.3**	**(8.3)**	**(4.5%)**
ST & LT debt	**192.1**	**265.7**	**73.6**	**38.3%**
of which Finance leases (IFRS16)	122.0	114.9	(7.1)	(5.8%)
Adjusted cash (I+II)	**6.4**	**88.3**	**81.9**	**»**
Cash & cash equivalents	**371.2**	**276.3**	**(94.9)**	**(25.6%)**
Cash & cash equivalents at the end of the period (I)	**371.2**	**276.3**	**(94.9)**	**(25.6%)**
Other cash items	0.0	0,0	0,0	49.3%
Other Financial Services liabilities, net (II)	**(364.8)**	**(188.0)**	**176.8**	**48.5%**

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

2. Other highlights

Postal regulatory issues

The postal service is provided by CTT under the **Universal Postal Service Concession Agreement** signed on 6 January 2022 between the Portuguese Government and CTT and Decree-Law no. 22-A/2022, published on 7 February 2022, which amended the legal framework applicable to the provision of postal services under Law no. 17/2012, of 26 April (Postal Law).

In addition to the concessionary services, CTT can provide other postal services, as well as carry out other activities, namely those that allow for the profitability of the universal postal service network, directly or through the incorporation or participation in companies or through other forms of cooperation between companies. These activities include the provision of services of public interest or general interest under conditions that may be agreed with the Portuguese government.

The new concession agreement came into force on 8 February 2022 and will last for approximately seven years - until 31 December 2028. The main **changes to the new regulatory framework** arising from the law and the new concession agreement are as follows:

1. **With regard to pricing:**

- Under the terms of the law, the pricing criteria shall be defined by agreement between CTT, ANACOM and the Consumer Directorate-General for periods of three years or, if there is no agreement, by the Government; such definition shall take into account the sustainability and economic and financial viability of the USO provision, and shall also take into account the variation in volumes, the change in relevant costs, the quality of the service provided and the incentive for the efficient provision of the universal service;

- In the context of the regulatory framework in force since February 2022 and the Agreement on the criteria to be met in setting the prices of the postal services that make up the universal service basket (Universal Postal Service Price Convention) for the three-year period 2023-2025, of 27 July 2022, the prices of these services were updated on 1 March 2023, as communicated to the market on 26 January 2023. The update corresponded to an average annual price change of 6.58%. The overall average annual price variation, which also reflects the effect of updating the special bulk mail prices, was 6.24%.

- Effective from 1 February 2024, in the context of the Universal Postal Service Price Convention for 2023-2025, which was entered into on 27 July 2022, the prices of the basket of letter mail, editorial mail and parcels services were updated, corresponding to an average annual price change of 9.49%. As part of the company's pricing policy for 2024, this update corresponds to an average annual price variation of 8.91%, which also reflects the effect of the update of the special prices for bulk mail.

2. **With regard to quality of service indicators and performance targets:**

- The indicators and performance targets defined by ANACOM on 29 April 2021 remain in force until the definition of new indicators and respective performance targets;

- On 24 October 2023, ANACOM approved the draft proposal for quality of service parameters and performance targets associated with the provision of the universal postal service, on which CTT commented on 27 December 2023. The quality criteria will be approved by the Government on a proposal from ANACOM, following a set of clear guidelines: to guarantee high levels of quality of service in line with current best practices in the European Union and the relative importance of the postal services that make up the universal postal service, and taking into account the average figures applicable to each indicator in European Union countries;

- With regard to the compensation mechanism applicable for any non-compliance with the quality of service indicators, as long as the current indicators remain in force, if penalties are applied, they will be translated into investment obligations that result in improvements for the benefit of the provision of services and end users, without prejudice to the possibility of applying other fines or contractual penalties provided for in the law and the concession agreement. Following the definition of the new quality indicators, the penalties to be applied by the government will take the form of investment obligations or price revisions, in accordance with the principles of proportionality, adequacy, non-discrimination and transparency.

3. **With regard to the density of the postal network:**

- The criteria for density and minimum service offers remain in force, and it is up to CTT to propose changes, which depend on ANACOM's approval;

- On 7 November 2023, ANACOM approved changing the reporting of postal network density targets and minimum service offers by reference to the 2021 Census, replacing the 2011 Census, in order to update the data with recent information.

For reasons of general interest, only the following activities and services remained reserved for the concessionaire: the siting of letter boxes on the public highway for the collection of postal items, the issue and sale of postage stamps bearing the mention Portugal and the registered mail service used in judicial or administrative proceedings.

Main ESG milestones achieved

In 2023, CTT maintained and strengthened its position as a leader and pioneer in sustainability issues, both at national and sectoral levels, reinforcing its position as best in class on the international postal scene.

Proof of this was the higher ranking in the Sustainability Measurement and Management System rating by the International Post Corporation - IPC. The improved performance in this rating led to the reinforcement of the company's 5th place overall, in global terms, amongst 26 participating operators. In relation to the Carbon Disclosure Project - CDP, CTT maintained its position at the highest grade, this time with an A- score that positions the company among the 12% of companies in the transport and logistics sector that have reached this milestone worldwide.

On the **environmental front**, the highlight is the reinforcement of CTT's ecological fleet, mainly through the acquisition of new electric vehicles for **last-mile distribution**, which posted an increase of 28.7% compared to 2022, totalling 615 vehicles, which corresponds to 19.6% of the delivery vehicles in operation. Also noteworthy is the reinforcement of the charging infrastructure with the progressive installation of chargers. While intensifying the reconversion of its own fleet, CTT is also focused on the fleet of subcontracted companies, with a consultation survey launched among providers operating on the last mile in Portugal and Spain.

Carbon emissions of scopes 1, 2 and 3 totalled 82.4 kt CO_2 in 2023, 2.6% less than in 2022. This impact is mainly the result of road transport and distribution activities in own and subcontracted fleets, with the providers' activity accounting for the largest share.

To mitigate the effects of climate change in the transport and delivery activities in Portugal and Spain, CTT has been optimising routes, either through synergies with the national mail network or through the implementation of computerised dynamic routing systems, especially in Spain. There was a significant increase in the use of photovoltaic panels for self-consumption at CTT facilities. Those installed at MARL (Lisbon region supply market), in Loures, covered around half of the needs of this sorting centre during the spring and summer months. In addition, CTT maintained the practice of purchasing electricity from renewable sources for 100% of consumption needs for the year.

The other strategic environmental front for CTT is the promotion of the **circular economy**. In this field, 82.4% of the products in the mail, parcels and express offer already incorporate recycled or reused materials, which puts CTT well on the way to achieving the target of incorporating this type of materials into 100% of this offer by the end the decade. In 2023, the highlight was the philatelic issue dedicated to St Francis of Assisi, the first to be made exclusively using recycled paper.

In the **social component**, the release of CTT's Equality Plan 2024 stands out. With specific regard to gender parity in the company's top management, the percentage of **women in leadership positions** remained stable at 39.9% (-0.6 p.p. vs the end of 2022).

Of particular note is the definition and internal dissemination of the strategy for action on **diversity, equity, inclusion and reconciliation at CTT**. In this context, four priority dimensions were defined: gender equality; generations; cultures; and people with disabilities.

The number of hours spent by employees on **volunteer activities** in 2023 was 4.4 hours per person, 1.3 hours more than in 2022, as a result of the greater prevalence of one-off actions compared to ongoing ones. The increase in one-off initiatives organised with specific departments, including the rehabilitation of wild animals in partnership with Quercus and the cleaning up of invasive species in partnership with the Institute for Nature Conservation and Forests, signals a greater investment in initiatives that strengthen ties within teams, ensuring an effective and immediate impact on organisations with a large presence in the communities and on the planet.

Another company objective concerns the promotion of **purchases from local (i.e. Iberian) suppliers** in CTT's total supply chain. This indicator increased to 99.5% of purchases from Iberian suppliers or those with representation in Portugal and Spain (1.6 p.p. more than in the previous year), showing that CTT has further strengthened an almost exclusively local purchasing policy, in line with the best sustainability practices in this area.

With the aim of promoting a **positive impact on communities**, CTT has committed to investing 1.0% of recurring EBIT in social initiatives by 2025. In 2023, this percentage decreased to 0.6%, (-0.4 p.p. compared to 2022) which was in line with the previous year's in terms of donations made, due to the aforementioned increase in EBIT.

In the last quarter of 2023, the CTT Social Impact Plan was approved, which will shape CTT's community support policy in 2024. The Plan foresees that CTT will focus its efforts and resources on initiatives that generate relevant impacts and measure this impact in a way that allows it to be communicated in a tangible and transparent manner.

At the end of July, CTT celebrated the launch of the10th edition of the "A Tree for the Forest" campaign and presented several new features, including the availability of a 100% digital format of the kits for sale in the CTT online shop. Locky has also joined the initiative by sending kits in response to possible claims, an initiative that has been very well received.

Also noteworthy was the launch of the Sociedade Portuguesa de Ecologia - SPECO (Portuguese Ecology Society) educational project, which focuses on correspondence by letter between 3rd cycle primary school pupils with questions on ecology issues and SPECO's associate scientists. In its launch year, 21 schools took part in the project, from Melgaço in the North to Amareleja in the South of Portugal, including Madeira Island, and 153 letters were sent and answered.

In the field of **Ethics and the organisation's good governance principles**, the most important milestone of 2023 was the dissemination of the new "CTT Group Code of Ethics". The year was also marked by the consolidation of the functioning of the Sustainability Committee, which met regularly to address issues such as the plan for the decarbonisation of distribution in CTT's value chain, the Gender Equality Plan and the new approaches to the social impact policy. Already launching the challenges for the beginning of 2024, the committee looked at how to respond to the requirements of the new European legislation on the reporting of non-financial information.

Share Buy-back programme

In the context of the share buy-back programme announced to the market on 21 June 2023, as at 31 December 2023, CTT had already acquired 3,031,168 shares. As a consequence, on 31 December 2023, the Company held an aggregated total of 4,409,300 own shares, representing 3.06% of its share capital, including 1,378,132 own shares previously held.

As at 14 March 2024, the date of the last communication on this subject to the market, CTT had already acquired 4,571,828 shares. As a consequence, on that date the Company held, as a result of the transactions carried out in the context of the share buyback programme, an aggregated total of 5,949,960 own shares, representing 4.13% of its share capital, including 1,378,132 own shares previously held.

3. Subsequent Events

On 4 January 2024, CTT completed the sale of a 26.3% shareholding position in CTT IMO Yield to Sonae Investment SGPS, S.A. and other investors, as provided for in the Share Purchase and Sale Agreement, which resulted in gross proceeds of €32.45m.

4. Future Perspectives

In 2023, CTT continued on its path of transformation and have already been able to reap the results of this strategy in the **Express & Parcels** segment, achieving record volumes in Portugal and Spain. The increase in volumes was driven not only by the growth of the Iberian e-commerce market, but also by CTT's gaining relevant customers. This was achieved thanks to the high capacity and quality of service derived from past investments. The Company therefore continues to grow in market share in order to lead the Iberian market.

CTT announced ambitious growth targets for **Banco CTT**, both in terms of the number of customer accounts and in terms of business volume and profitability. In line with these objectives, Banco CTT achieved a significant increase in accounts, deposits, credit volumes and profitability in 2023 and will continue to invest in improving the customer experience at Banco CTT (IT systems and application) with the aim of deepening and intensifying customer relations and thus increasing engagement with current and future customers.

The shift to a strategy focussed on selling services in CTT post offices is having an effect, with the development of partnerships for the sale of insurance (Generali) and recently for the sale of alarms (Prosegur).

Finally, in **Mail**, a price increase was successfully implemented in 2023 and a further increase took place in 2024 to offset the fall in volumes due to increased digitalisation. The focus remains, however, on controlling costs and selling business solutions to our customers in order to guarantee the sustainability of this business.

Taking into account the results registered in 2023 and the objectives set for 2025, CTT intends in 2024 to: (i) maintain the focus on expanding our presence in the Iberian express and parcel market in order to take advantage of the growing trend of e-commerce in Portugal and Spain; (ii) continue to foster Banco CTT's growth, which is underpinned by balance sheet optionality and potential equity and industry partnerships; (iii) continue to launch new services and products to increase the attractiveness of our retail offering; (iv) continue to carry out transformation initiatives, namely through inroads in business and logistics services, to drive revenue sustainability by reducing dependence on traditional mail services.

The Company will be watchful and will analyse inorganic expansion opportunities that may exist, namely in the logistics and fulfilment segments.

CTT will focus on minimising the impact of relevant and persistent macro and industry risks, including geopolitical uncertainty, inflation, cost of energy and raw materials, as well as of those severe risks that are affecting the functioning of logistics chains, namely in the Red Sea.

Against this backdrop, CTT's ambition, in 2024, is to continue to grow with consolidated revenues increasing by mid-single digit. Regarding consolidated recurring EBIT, on the back of strong growth in Iberian E&P, it is expected to be above €88m, assuming public debt placements of circa €3b. It should also be mentioned that the EBIT growth will be more geared towards 2H24 because of the abnormally strong performance of Financial Services in 1H23.

2024 should continue to be marked by high levels of uncertainty, both (i) economic, including the evolution of inflation and subsequent reaction of central banks on interest rates, and (ii) geopolitical, including the conflicts in Middle East and Europe that may continue to pose risks on global supply chains.

CTT aims to implement a remuneration policy that is attractive, constituting an adequate source of income for its shareholders, and that, simultaneously, continues to enable the Company's financial capacity to maintain strategic flexibility to meet the goals of investment in business growth and to continue to position CTT as a reference in logistics and e-commerce in Portugal and Spain. This remuneration policy includes an ordinary dividend component, which is intended to have a greater recurrence, and a share repurchase component, which will be more casuistic and applicable according to market conditions. Against this backdrop, on 19 March 2024, CTT announced the intention of its Board of Directors to propose to the 2024 AGM the payment of a dividend of 17 cents of euro per share. This proposal represents a dividend yield of 4.9% and a payout ratio of 35%. The proposal is subject to a number of conditions, namely market conditions, CTT's financial situation and assets, as well as legal and regularly applicable terms and conditions. Simultaneously, CTT also announced the intention of its Board of Directors to propose to the 2024 AGM, within the scope of the share buyback programme initiated in 2023 and that is undergoing, the cancellation of up to 7,650,000 representative shares of up to 5.3 % of the share capital already acquired or to be acquired under the share buyback programme, as well as related reserves.

Final Note

This press release is based on CTT – Correios de Portugal, S.A. statutory reported financial information for the 2023 financial year, audited by an auditor registered with the Portuguese Securities Market Commission (CMVM).

Lisbon, 19 March 2024

The Board of Directors

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

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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.

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