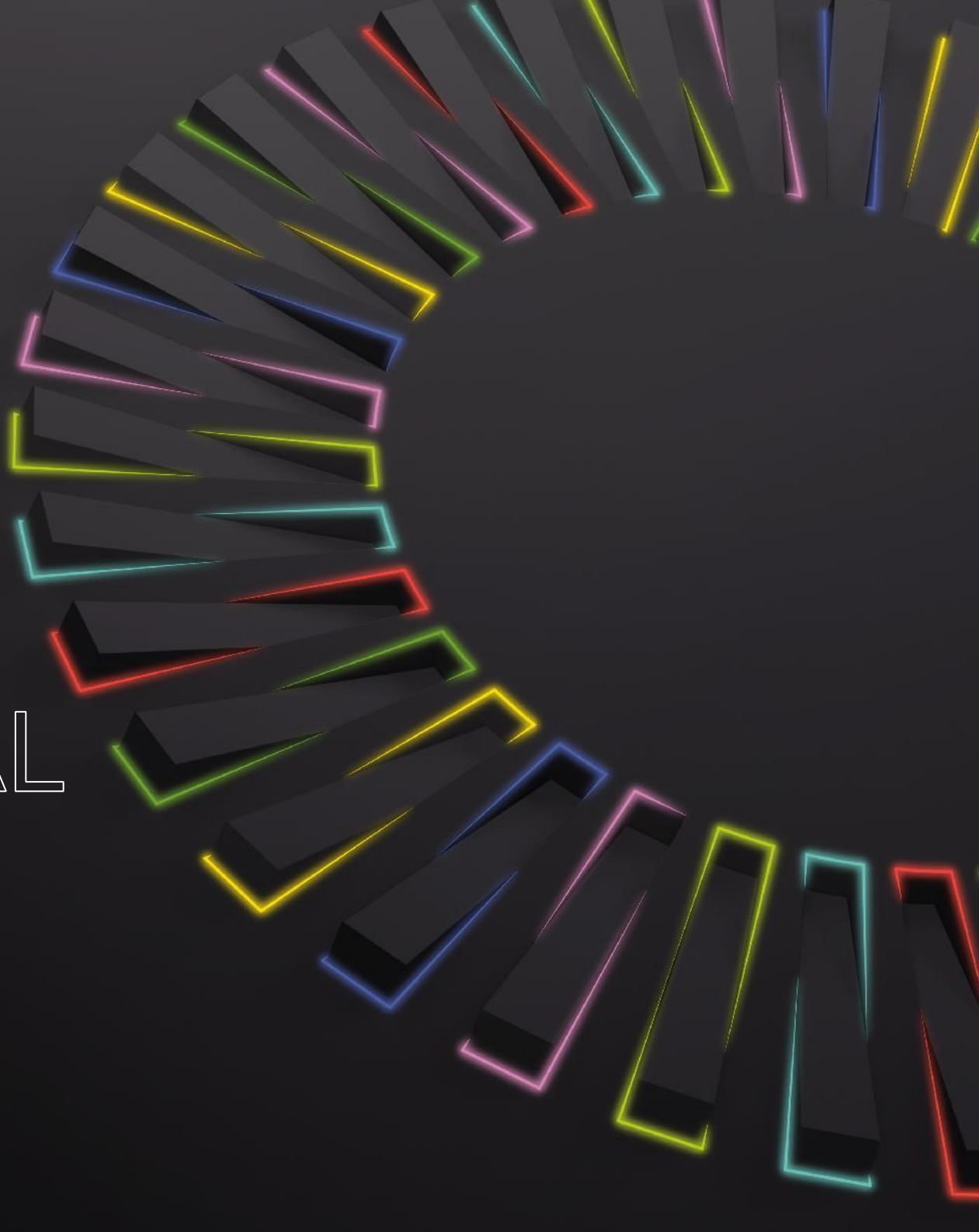
2022 ANNUAL INTEGRATED REPORT



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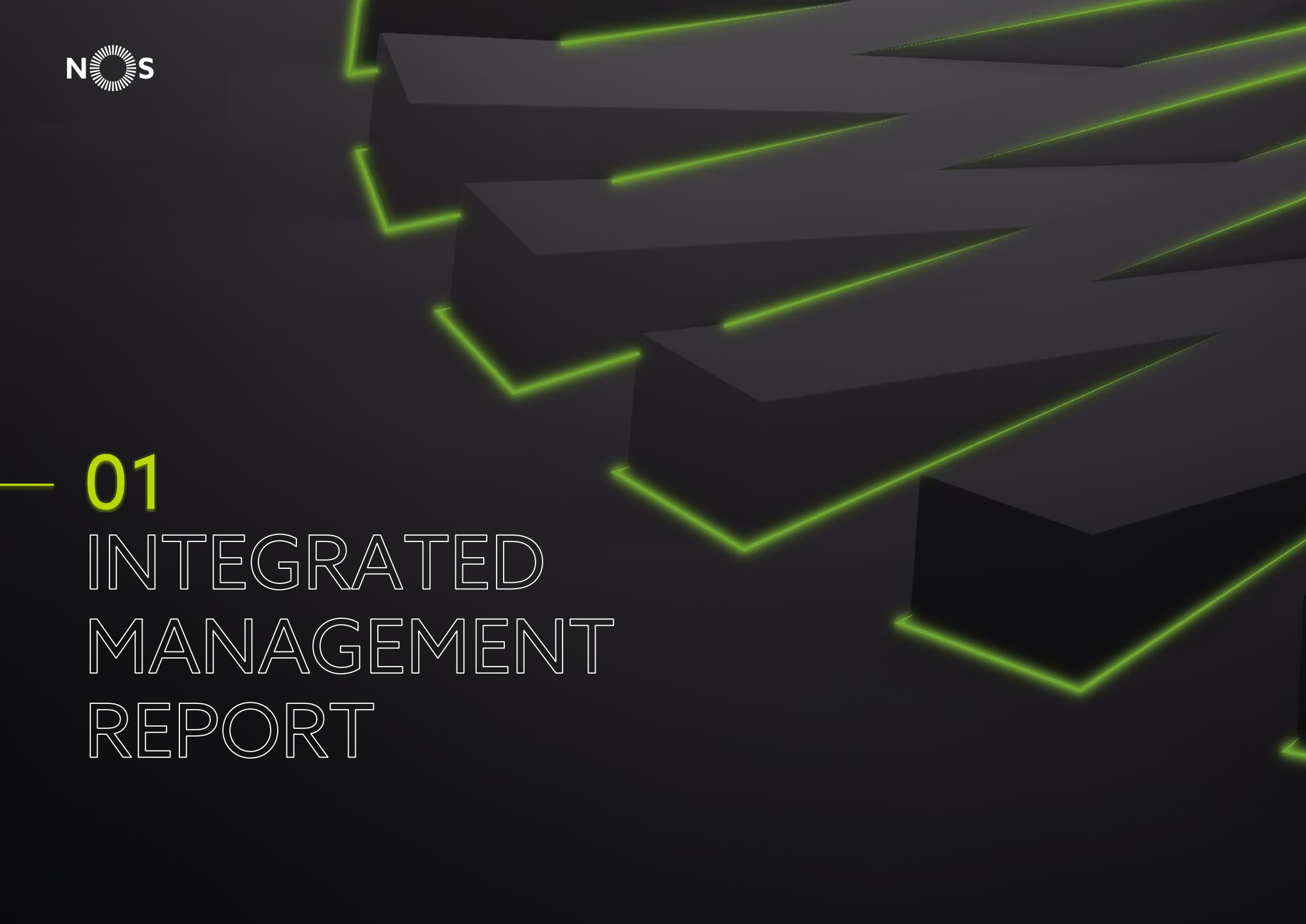
This report is a translation of the Portuguese original version of the Annual Integrated Report 2022 of NOS, SGPS, S.A., disclosed on 14 March 2023 on CMVM's website and on NOS' institutional website, in ESEF format. In case of discrepancies between this version and the official ESEF version, the latter prevails.



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01

INTEGRATED MANAGEMENT REPORT

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01
INTEGRATED MANAGEMENT REPORT

/1 NTRODUCTION

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Message from the CEO

Dear Stakeholders,

In a year scarred by the war in Europe, the highly inflationary context and instability in supply chains, NOS was able to overcome the challenges posed by this context and strengthen its growth trajectory.

Aligned with the defined strategic ambitions, we were able to continue to create value for customers, shareholders, employees, business partners, and globally, for the Portuguese society and economy.

I highlight the solid NOS' operational and financial performance, leveraged by the 5G leadership and the robust growth of the Telco business, by the recovery of the Audiovisuals & Cinema segment, and by the operation of new avenues of value creation.

The good operating performance enabled us to deliver a very solid financial performance. Our Consolidated Turnover grew by 6.3%, in 2022 to 1,521 million euros, and operating profitability, as measured by EBITDA, increased by 5.4% to 651.1 million euros, slightly below revenue growth. The Net Income of 138.5 million euros represented a 4% drop compared to the 2021 Profit, excluding the gains resulting from the sale of towers to Cellnex. And, in a year marked by huge investment in the expansion and modernization of our technological infrastructure, CAPEX reached an annual maximum of 495.9 million euros, an increase of 17.4% compared to the previous year and representing more than 30% of Consolidated Revenues, a proportion far higher than the average of our national and international peers.

In the Telco business, mobile services continue to be the main driver for the growth of RGUs, making it possible to exceed 10.782 million services provided at the end of 2022, 4.6% more than the previous year. I also highlight the continued growth of convergent services, which already represent more than 67% of our fixed access customer base demonstrating the clear preference of Portuguese families for integrated fixed and mobile last generation communications services.

Our film exhibition and audiovisual distribution business continued its recovery path with cinemas increasing the number of spectators compared to the previous year, but still with values lower than those of the pre-pandemic period, also driven by the return of the great world box office successes.

2022 confirmed our unequivocal leadership in 5G. We have taken our state-of-the-art networks to the entire population, contributing to a more cohesive society, and to a country that is better prepared for the future.

We continued with a strong pace of investment, maintaining our technological leadership, which allows us to have the best 5G network today, which already covers 87% of the population, and is the best mobile network in Portugal. We are the pioneer operator in 5G. We were the first to implement the widest and most advanced network and the first to launch solutions, with new dimensions of innovation and connectivity, which improve the lives of people and families and impact productivity and the development of companies.

We maintained our vision for the future, putting technology at the service of a better world. The use cases in which we were involved in 2022 are moving in that direction, by exploring additional potentialities of 5G technology.

The first autonomous driving trip that took place in Portugal, in a real environment, was carried out with the NOS 5G network, and with it was demonstrated the role that this technology will have in the construction of a connected autonomous mobility, which will certainly contribute to creating a disruptive model for transporting people and goods, aligned with the decarbonization target for Europe and Portugal.

We were also pioneers in creating the most advanced 5G innovation centre in Portugal – the NOS Hub 5G, an epicentre of collaboration between various partners, which will accelerate the conversion of this technology's potential into concrete solutions and services with value for people's lives, and for the digital transition the country needs and is making. Since its opening, we have already developed more than 33 solutions.

We increased our investments in startups with business powered by 5G, through the NOS 5G fund, having invested in 2 more companies, which will make Portugal a more technologically advanced and digital country.

We continued to deliver a better experience and services to Customers, driven by the ambition to do what no one has yet done.

We have improved our value proposition, supported by continued investment in network infrastructure and the integration of communications, media, and content services. We continued to optimize value creation through innovation, maintaining a diversified and relevant TV offer, and offering new businesses complementary to the telco offer.

We have improved the user experience of our services, responding to the needs of Portuguese families. We offer a better Wi-Fi experience, which combines the offer of state-of-the-art equipment with a comprehensive diagnostic and advisory service for customers, we continued to renovate our customers' routers and set-top-boxes with new generation equipment. We were also pioneers in providing our customers with Disney+ on the UMA TV platform, thus complementing the already vast range of linear and streaming content in our television ecosystem.

We launched a new Alarms business line, with a disruptive value proposition, taking advantage of synergies with the Telco business. We also follow a path of diversification and capture of value in non-Telco business, in Cloud and Managed Services, in larger and higher revenues corporate customer segments.

Our portfolio of services for the sustainable transformation of companies continued to grow, with new solutions in the areas of cybersecurity, or remote assistance, with services that apply augmented reality

technology, contributing to the dematerialization of the economy. We continued the smart cities projects, with emphasis on the cities of Barreiro and Pombal, projects that contribute to low-carbon urban environments, and safer and healthier communities.

We sought to strengthen our digital emancipation, to accelerate the weight of digital in our business processes and operations. We expanded the features and increased the degree of use of our digital ecosystem, and implemented advanced analytics solutions in our operating model, with the aim of serving the customer better and more efficiently.

We will continue to create opportunities to put the new generation of mobile communications at the service of more sustainable development, contributing to the Sustainable Development Goals prescribed by the United Nations 2030 Agenda, and to the materialization of the United Nation's Global Compact Principles to which we subscribe.

We improved our performance in all dimensions of sustainability. Based on the 2022 performance, NOS rose in Moody's ESG Solutions ranking, becoming the fourth best ranked European company in the telecommunications sector and, particularly as a result of our environmental management policies, in 2022 we reached the reputed List A of the CDP, the highest assessment score of this independent entity, being recognized as one of the four best companies in Portugal in the fight against climate change.

In 2022, we reduced our own operation's greenhouse gas emissions by 59% compared to the previous year, and by 68% compared to the base year 2019, a performance that is aligned with the trajectory of meeting the intermediate target we set for 2025 of less 80%, and the Science Based Target (SBT) set for 2030, of less 90%. Total scope 3 emissions decreased by 4% compared to 2021, standing 6% below the 2019 figure, the base year of SBT, mainly due to the improvement in the energy efficiency of the equipment placed on the market, which made it possible to reduce emissions resulting from the use of our products and services. We also improved the circularity of the operation, with the collection, refurbishment, and reuse of fixed service residential customers' equipment (TV boxes, routers, and hubs), ensuring the collection of 86% and the reuse of 48% of disconnected equipment. In our own operation, we reached a global rate of 98% of recovery of waste generated.

We innovated by providing solutions with environmental benefits, such as eSIM, Eco sim and joining the consortium to adopt Eco-rating identification for mobile phones sold by NOS. And we continued to contribute to the reduction of emissions in the economy, expanding our portfolio of products and services that reduce customer emissions, with new communications and collaboration, cloud and data centre, Internet-of-Things and Analytics solutions.

More for our people

For the second consecutive year, NOS SGPS is part of the Bloomberg Gender-Equality Index, the global reference index that assesses gender equality in companies worldwide. In this second year of participation, we substantially increased the score obtained, and reached an assessment above the global average of the index, the average of the Communications sector and the participating Portuguese companies.

This recognition reflects the value that our people have for NOS, in a year in which, after the launch of the NOS values in 2021, we strongly committed to a process of cultural transformation through leadership, with the launch of the Leadershift program. Investment in our people was also expressed in the renewal and alignment of the NOS Campus offer, a clear strategic bet on the development of our people's potential and training. In this academy, with an 80% renewed training offer, and a 50% increase in the number of hours of training provided, we are promoting the acquisition of the necessary skills for the future. We created a training program in Advanced Data Analytics (AA) for our employees, developed in partnership with Nova SBE Executive Education and LTPlabs, with the aim of making its potential known to the organization as a whole. We also launched the NOS Vita program, a program focused on improving the physical and psychological well-being of our employees.

We continued to work so that the digital transformation of society can be synonymous with universal and enlightened access to technology

Our digital agenda continued to be inclusive, reflected in the different pricing ranges in which we provide our services, in the digital literacy programs we develop, so that everyone can benefit more and better from our services.

I would like to highlight the launch of the "Projeto ZER01 Entra na lógica da Computação", with the aim of taking computing education to schools in the country and which will cover more than 400 students from the 1st and 2nd cycles (1st to 6th grade) during the 22/23 school year, the first step towards the commitment we assumed to impact 10,000 people through programs that promote digital literacy by 2025.

We have worked and will always work with transformative energy, as we believe that no society can develop from a social, environmental, and economic point of view without succeeding in the digital transition.

Technology contains extraordinary opportunities, which NOS will continue to leverage in the future, connecting people and expanding connectivity to new dimensions, with the aim of continuing to create value for everyone.

Miguel Almeida

About this Report

An integrated view of impact and value creation

The NOS 2022 Integrated Annual Report (or Report) demonstrates our commitment to communicating a comprehensive and integrated view of our business, our strategy and our impact and performance, highlighting the contribution made to all stakeholders, the environment and society.

It follows a structure that accompanies the vital role that ESG dimensions have assumed in NOS' strategy, and includes, in the Integrated Management Report, information on the strategy, management and performance of NOS' business areas and also environmental, social, and corporate governance (ESG) information, similar to last year's report. Along the same lines, and in accordance with good reporting practices, it incorporates the spirit and main differentiating elements of the International Integrated Reporting Council (IIRC) framework, providing a vision of our approach to value creation in its various dimensions, the main resources involved, and the main impacts generated.

The content follows developments in reporting practices, namely the full entry into force of the 2021 version of the internationally recognized sustainability reporting standards of the Global Reporting Initiative (GRI Standards), having been prepared in accordance with said standards. It also serves the purpose of responding to the requirements of Decree-Law No. 89/2017, of July 28th (DL 89/2017), and to highlight our performance in terms of the Global Compact principles and the Sustainable Development Goals (SDGs), both from the United Nations. It also provides, for the second consecutive year, a perspective on the adoption by NOS of the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), through the inclusion in the Annex of a correspondence table for related publicly available content.

In addition, the Integrated Annual Report was prepared in accordance with the legal requirements set out in the Commercial Companies Code. The document focuses on the period between 1st January and 31st December 2022, both with regard to financial and non-financial information, also providing, whenever appropriate and relevant, a framework on future prospects. Likewise, whenever appropriate and relevant, it includes information regarding previous years to allow a comparative assessment of performance or an adequate contextualization of our options, actions or results and occasionally includes information regarding the initial phase of 2023.

The entire content of this report, both financial and regarding sustainability, was subject to independent verification by an external entity, as has been the practice of the Group and in accordance with statements by Ernst & Young Audit & Associados, S.R.O.C., S.A., which is annexed. With regard to sustainability information, this verification analysed the compliance and reliability of the information provided, in accordance with the GRI Standards, in order to provide additional assurance as to whether it properly, balanced and transparently reflects the performance and operation of the Group in the different dimensions of sustainability, with a focus on material topics. It was also verified, within the scope of the financial audit, carried out by the same entity, the consistency of the Integrated Management Report with the Financial Statements and also with the information regarding the European Taxonomy of environmentally sustainable activities.

Contact for any questions or feedback about the Report

We are happy to receive your opinion, suggestions for improvement, or to respond to any question that arises from reading this report, or the need for additional information. For this purpose, please contact:

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NOS in Numbers

Figures for the year 2022

FINANCIAL

1,521 M/€ — Consolidated Revenues

651 M/€ — Consolidated EBITDA

496 M/€ — CAPEX*

992.2 M/€ — Net Financial debt

1.81 X — Net Financial debt/EBITDA ratio

55 M/€ — Operational Cash Flow

224.6 M/€ — Net Income

1,052 M/€ — Shareholders Equity

BBB — Stable Fitch

BBB- — Stable S&P

*CAPEX ex leases, spectrum, and other contractual rights

HUMAN CAPITAL

1,803 — Total Employeesa[a]

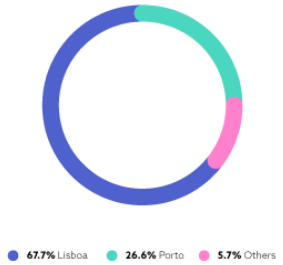
42.3 — Employee Average Age

1,066 — Men

33% — Women in Management Positions[b]

737 — Women

33% — Women in Top Management Positions[c]



(a) The total number of employees shown does not include directors, trainees, employees of companies whose stake in NOS is less than 50% and cinema workers. (b) Management positions: managers and directors. (c) Top management positions: members of the board of directors

OPERATIONAL

57,338 m — Mobile Voice

15,235 m — Broadband Customers

31% — 9M22 Revenue Market Share

16,643 m — Pay TV Customers

5,284 m — Homes passed with Fixed Next Generation Network

3,300 m — Homes Passed with FttH

1.089 m — Integrated/Convergent Customers

1,808.7 m — Fixed Voice Customers

10,782.3 m — Total RGUs

87% — Territory with Outdoor 4G Mobile Network Coverage

ENVIRONMENT

212,772 MWh — Total Energy Consumed

98% — Waste Recovery Rate

15,900 tCO2e — Scope 1 and 2 GHG Emissions

81% — Renewable electricity

436,447 tCO2e — Scope 3 GHG

35,27 kWh/TB — Energy consumption of the telecommunications

01
INTEGRATED MANAGEMENT REPORT

/2 OUR VALUE CREATION MODEL

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2.1. Overview of the Value Creation Model

We transform inspired by the future, for a tomorrow full of possibilities for everyone

Through our business model, we are using the transforming power of new communication and information technologies, with the ambition of contributing to positive social change and to the productivity of companies and institutions, through connectivity and entertainment products and services that seek to add socio-economic, technological and environmental value for customers and stakeholders.

Our model is based on four pillars that interact and reflect who we are and where we operate, the main assets we have, the strategy we define and finally, through the set and integration of these elements, the value we generate and share with our stakeholders.

The representation of the model provides an overview of our approach to value creation in its various dimensions, the elements of which are detailed throughout the Report according to the pages referenced.

This model is supported by an enlightened leadership, responsible and attentive to the context conditions, careful management of resources, an ambitious strategy and a culture of compliance and effective approach to risks and opportunities. We seek to ensure that the positive and negative impacts generated by our activity and induced throughout the value chain, achieve a positive, transformative, and sustainable global balance.

A DYNAMIC VALUE CREATION MODEL

The model reflects our dynamism and capacity to adapt to the increasingly complex context conditions as a result of recent events, reflected in a change in the macroeconomic and geopolitical environment. The increased awareness that the environment can change rapidly and radically, leads us to recognise it as an integral component of the representation of our maintenance and value creation process, as it strengthens our strategic bet on an agile operating model capable of adapting to the challenges posed, ensuring the best possible value balance.

WHO WE ARE AND WHERE WE OPERATE

OUR ESSENCE
The mission, vision and purpose translate our essence and guide the way we want to evolve

Pages 13-14

- Our purpose
- Our vision
- Our mission
- Our values

ACTIVITY AND PORTFOLIO
Largest communications and entertainment group in Portugal

Pages 15-17

- Telco
- Media & Entertainment
- Adjacent businesses

GOVERNANCE MODEL
Responsible management aligned with business objectives, creating value for all stakeholders

Pages 17-23

- Shareholder Structure
- Governing body and Committees of the BD
- Management team
- Responsible Management

EXTERNAL ENVIRONMENT
We operate in a complex macroeconomic, legal and regulatory contexto

Pages 23-24 and 42-58

- Macroeconomic context
- Legal context
- Regulatory framework

OUR BEST ASSETS

We have unique resources that enable what we do and are the basis of our current and future success.

Pages 25-27

- Strong financial balance and investment capacity
- Future-proof mobile and fixed network
- Highly motivated, diverse and skilled employees
- Business partners that take us further
- Pioneers in innovation and digital transformation
- Strong and well-established brand
- Largest network of cinemas in Portugal
- Integrated and differentiating ESG framework

OUR STRATEGY

Our strategic priorities structure our activities and respond to the challenges and opportunities of the context in which we operate, allowing us to evolve within a logic of creating shared value.

Pages 28-35

- 5G Leadership
- Digital emancipation
- Competitive offer
- Close relationship
- Value creation
- Focus on people

THE VALUE WE GENERATE

Our activities impact our stakeholders, creating a stimulus for constant positive transformation.

Pages 36-40 e 42-128

- Customers
- Business partners
- Shareholders
- Environment and Society
- Employees

2.2. Who We Are and Where We Operate

From heart to action, for a future more connected to the world and to everyone

2.2.1. Our essence

Our essence, expressed in our purpose, mission and vision, is at the heart of everything we do. It is the heart that guides our action, customer-centric, but focused on driving society as a whole, in a value sharing based on connectivity and the transformative impulse of new technologies. This essence is reflected in our values, which translate the way we want to conduct our activities, in a bold, inspiring, and responsible way towards our stakeholders, the planet and society, attentive to the present, but inspiring us for the future.

PURPOSE, MISSION, VISION

PURPOSE
WHY WE EXIST

We exist to bring more life to life, expanding all possible and imaginary connections. We work every day to build an increasingly competent, efficient, and innovative NOS, prepared to lead in the new technological wave that is approaching. NOS will be an increasingly customer-centric company, with a digital mindset, proud of its future proof technology, recognized for its ability to innovate and execute, distinguishing itself through its strong and bold culture.

MISSION
WHAT WE DO

Our mission is to connect people, companies, and institutions, to everything and everyone, providing the most advanced technologies to deliver the best experience, surprising and building empathic and transparent relationships with our customers. We always act with ambition, an attitude of challenge and transformation of the present, with the future as inspiration and with the creation of value for society as our ultimate goal.

VISION
WHERE WE WANT TO GO

We want to be the engine of Portugal's transformation into a better society, in which everything and everyone will be connected to everything and everyone in extraordinary ways

NOS' VALUES

THE CUSTOMER IS OUR COMMITMENT

- We improve the customer experience every day, putting the customer at the centre of our thinking, decision, and action;
- We build a transparent and integral relationship, simplifying customer interaction.

WE HAVE THE WILL FOR MORE

- We have the will to lead, always do better and go further;
- We operate with the determination and enthusiasm necessary to achieve success;
- We are action-focused and act quickly.

WE DO WHAT NOBODY DID

- We anticipate the future and change. We challenge the status quo, valuing different opinions;
- We have the courage and enthusiasm to try fresh solutions, without fear of failure and learning from mistakes.

WE ASSUME RESPONSIBILITY

- We do what must be done with integrity;
- We act based on trust and encourage sharing, creating a collaborative work environment;
- We have autonomy and we know how to assume individual and collective responsibility for the options and decisions.

WE VALUE OUR PEOPLE

- We invest in the development of our potential and learning;
- We take advantage of the opportunities we create and acknowledge achievements and merit.

WE BUILD A BETTER FUTURE

- We create with impact, generating value for us, for all those to whom we are connected and for the community;
- We contribute, through our actions, to the resolution of environmental and social challenges.

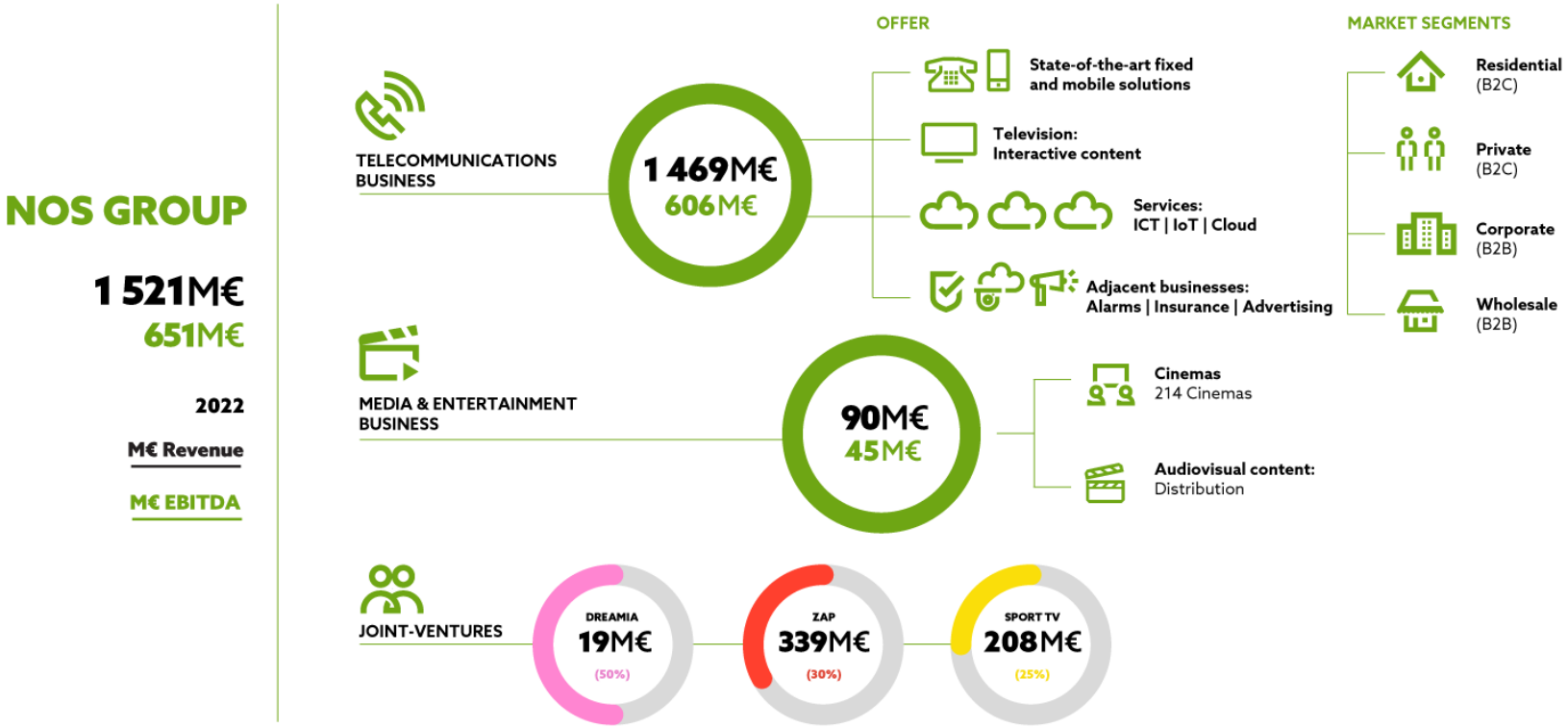
"FUTURA-TE" SESSIONS

The NOS Values project the attitude that we want to reflect in everything we do, in order to support the growth and value sharing goals that we want to achieve. After their approval, in 2021, following the definition of the current strategic cycle that came into force in that year, these values were, during 2022, the target of disclosure among employees, through the "Futura-te" initiative, a campaign of "acculturation" to help understand and capture them and their relationship with the strategic axes and our purpose. The values, such as the purpose, mission, and vision, are also available for consultation on the intranet and in the institutional area of our website.

2.2.2. Activity and portfolio

Our Business Areas [1]

We are the largest telecommunications and entertainment group in Portugal.



(1) More detailed information about our areas of activity is provided at note 1 and note 50 of the Consolidated Financial Statements

TELECOMMUNICATIONS

NOS Comunicações offers state-of-the-art fixed and mobile solutions for television, internet, voice, data, and IT for all market segments – Residential, Private, Corporate and Wholesale. It is an operator with convergent product offers whose main objective is to provide the best user experience throughout the country (Portuguese market). In the corporate market, it offers a broad portfolio of telecommunications products and services, with solutions tailored to each sector and business of varied sizes, complementing its offer with ICT, IoT and Cloud services.

NOS has been developing some **adjacent businesses** in addition to its core services, namely the new "**NOS Alarmes**" operation launched in partnership with Securitas Portugal, the targeted advertising business, "**Playce**" and a line of equipment, travel, and invoice insurance.

MEDIA AND ENTERTAINMENT

NOS Cinemas, with 214 screens, is the leader in national cinema exhibition, as well as in the exhibition of alternative content in cinema venues (opera, ballet, theatre, football, concerts and other events, live or delayed), being the first chain in Europe to become fully digital and one of the first worldwide to use technologies such as IMAX, 4DX, XVision and ATMOS.

NOS Audiovisuais operates in the audiovisual distribution market. It is the main content distributor in the Portuguese market and ensures, through the acquisition and management of exhibition rights, the distribution of films and series from independent producers and major studios, for cinema, audiovisual platforms, and television.

JOINT-VENTURES

NOS also established **joint ventures** with strategic partners, in order to leverage the content business.

THE NOS UNIVERSE [2]

Our portfolio of companies allows for greater specialization of our activities and the optimization of the management of our resources.

(2) More detailed information about the companies included in our portfolio is provided at note 1 and note 50 of the Consolidated Financial Statements

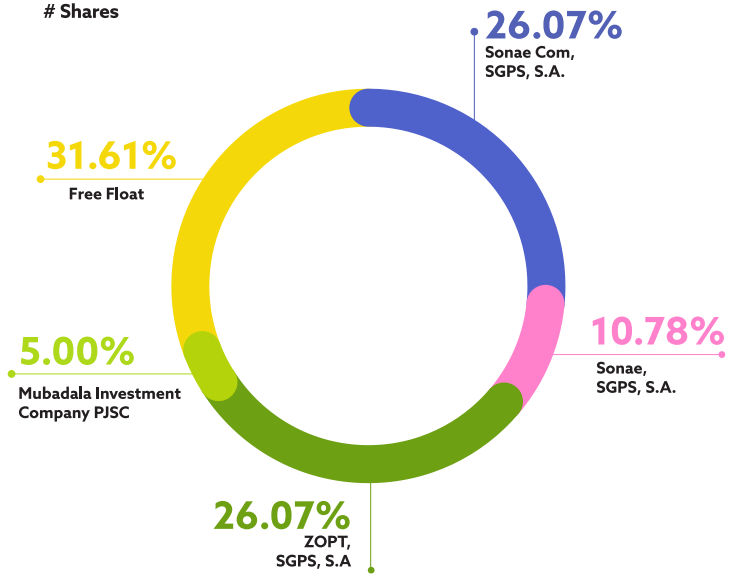
2.2.3. Governance model

Shareholder Structure

Distribution of the company's capital
on the 31st of December 2022

€855,167,890.89
Share capital

515,161,380
 # Shares



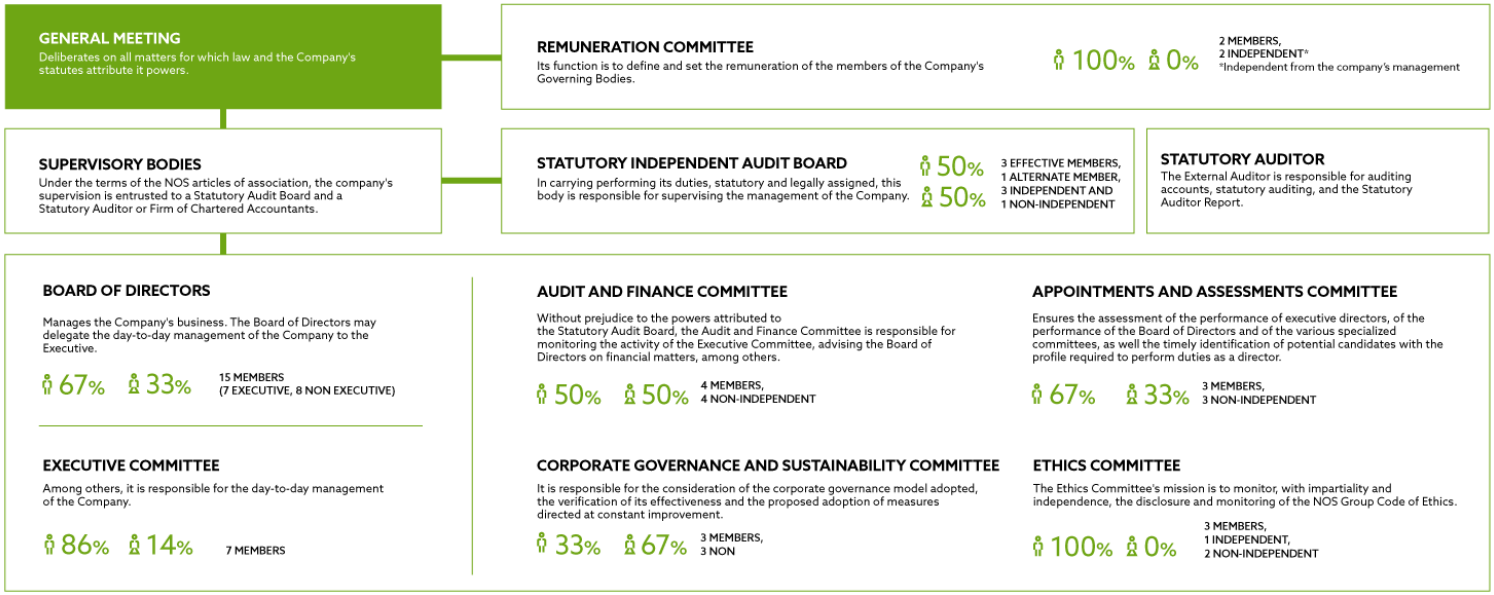
COMPOSITION OF THE GOVERNING BODIES [3]

NOS is headed by experienced and competent structures to effectively define and conduct the lines of action that make up its strategic plan, as well as for the fulfilment of its responsibilities and commitments, within the established performance parameters and guaranteeing the evolution levels that it intends to achieve.

The skills of Board members with executive positions are regularly updated and strengthened through the training offer provided by the NOS Campus Corporate Academy, with emphasis, in 2022, on training in Advanced Analytics (within the scope of the FAAST Program - see more information in 3.3.6 Talent Management of this report).

The Board of Directors of NOS and its committees make up a governance structure attentive to the external environment, as well as the Group's direct and indirect impacts on the economy, the environment, and people, seeking to implement responses focused on creating value.

Below we present the Governing Bodies and the Boards and Committees supporting the Board of Directors, and their respective composition on 31st of December 2022.



(3) More information on the structure, composition and functioning of the governing bodies can be consulted in points 17, 21,27 and 29 of the Corporate Governance Report, as well as in the respective annex, and on the institutional page of our website.

COMPOSITION OF THE BOARD OF DIRECTORS

On December 31st, 2022

Ângelo Paupério
Chairman of the Board of Directors, COB | Non-executive

First appointment: October 1, 2013 (COB since Jan. 27, 2020)

No. of terms of office: 4

Member of the following Committees
- Appointments and Assessments Committee (Chairman)
- Audit and Finance Committee (Member)

Member of the following Committees
- Appointments and Assessments Committee
  Audit and Finance Committee

Telco experience: 10 years

Miguel Almeida
Chief Executive Officer, CEO
Chairman of the Executive Committee

First appointment: October 1, 2013

No. of terms of office: 4

Responsibilities
- Strategy and Business Development
- Corporate Communication
- Transformation
- NOS Madeira and NOS Açores

Member of the following Committees
-

Telco experience: 25 years

José Pedro Pereira da Costa
Chief Financial Officer, CFO
Executive Board Member

First appointment: September 21, 2007

No. of terms of office: 6

Responsibilities
- Financial and Assurance Services
- Corporate Finance
- Data Protection Officer
- Investor Relations & Sustainability
- Planning and Management Control
- Procurement

Member of the following Committees
-

Telco experience: 25 years

Luís Nascimento
Executive Board Member

First appointment: 29 June 2017

No. of terms of office: 3

Responsibilities
- Customer Service, Back-office, Logistics
- I&M, Technical Support, Logistics and Terminal Management
- People and Organization
- Cinemas
- Audiovisuals
- Contents
- Advertising

Member of the following Committees
Ethics Committee (Member)

Telco experience: 20 years

Jorge Graça Chief Technology Officer, CTO | Executive Board Member	**Manuel Ramalho Eanes** Executive Board Member	**Filipa Santos Carvalho** Chief Compliance Officer, CCO Executive Board Member	**Daniel Beato** Executive Board Member
First appointment: 16 April 2016	First appointment: 1 October 2013	First appointment: 15 January 2021	First appointment: 15 January 2021
No. of terms of office: 3	No. of terms of office: 4	No. of terms of office: 2	No. of terms of office: 2
Responsibilities – Quality & Transversal Projects; – Mobile & Fiber Centric; – Operations; – Information & Innovation Services.	**Responsibilities** – Centre for Business Transformation – Business Solutions – B2B Direct Sales – Corporate Channels – Wholesale	**Responsibilities** – General secretary – Audit, Risk and Compliance – Market & Customer Intelligence – Legal and Regulation	**Responsibilities** – Brand & Communication – B2C Segment Management – B2C product – B2C Sales – CRM and Customer Experience
Member of the following Committees -	Member of the following Committees -	Member of the following Committees – Corporate Governance and Sustainability Committee (Member)	Member of the following Committees -
Telco experience: 18 years	Telco experience: 24 years	Telco experience: 25 years	Telco experience: 16 years

Ana Rita Rodrigues
Non-Executive Board Member
First appointment: March 23, 2020
No. of terms of office: 2
Member of the following Committees – Audit and Finance Committee (Member) – Appointments and Assessments Committee (Member)
Telco experience: 10 years

António Lobo Xavier
Non-Executive Board Member
First appointment: 1 October 2013
No. of terms of office: 4
Member of the following Committees – Ethics Committee (Chairman) – Corporate Governance and Sustainability Committee (Member)
Telco experience: 10 years

Catarina Van-Dúnem
Non-Executive Board Member
First appointment: 27 November 2012
No. of terms of office: 5
Member of the following Committees -
Telco experience: 13 years

Cláudia Azevedo
Non-Executive Board Member
First appointment: 1 October 2013
No. of terms of office: 4
Member of the following Committees – Corporate Governance and Sustainability Committee (Chairwoman)
Telco experience: 10 years

Cristina Marques
Non-Executive Board Member
First appointment: March 23, 2020
No. of terms of office: 2
Member of the following Committees – Audit and Finance Committee (Member)
Telco experience: 6 years

João Torres Dolores
Non-Executive Board Member
First appointment: 16 April 2016
No. of terms of office: 3
Member of the following Committees – Audit and Finance Committee (Chairman) – Appointments and Assessments Committee (Member)
Telco experience: 12 years

Eduardo Verde Pinho
Non-Executive Board Member
First appointment: April 21, 2022
No. of terms of office: 1
Member of the following Committees -
Telco experience: 1 year

COMPOSITION OF THE STATUTORY INDEPENDENT AUDIT BOARD

On December 31st, 2022

José Pereira Alves
Chairman of the Statutory Independent Audit Board

First appointment: 8 May 2019
No. of terms of office: 2
Member of the following Committees
– Ethics Committee (Member)
Telco experience: 4 years

Patrícia Teixeira Lopes
Statutory Independent Audit Board Member

First appointment: 26 April 2016
No. of terms of office: 3
Member of the following Committees
-
Telco experience: 7 years

Paulo Mota Pinto
Statutory Independent Audit Board Member

First appointment: 21 April 2008
No. of terms of office: 5
Member of the following Committees
-
Telco experience: 15 years

Ana Luisa Fonte
Statutory Independent Audit Board Alternate Member

First appointment: 8 May 2019
No. of terms of office: 2
Member of the following Committees
-
Telco experience: 4 years

COMPETENCE MATRIX OF THE BOARD OF DIRECTORS

The members of each of the Governing Bodies are elected for a period of 3 years. With the year 2022, a new term began, 2022-2024, following the Shareholders' General Meeting held in April, and the corresponding election process. As part of the preparation of the new term, the NOS' Board of Directors carried out, in 2021, a self-assessment[4] of the functioning of this body and the respective internal committees, seeking to ensure an increasingly efficient and informed performance, as well as ensuring that issues, such as gender diversity, skills and representativeness, are viewed with due priority and addressed within these bodies.

Also, within the scope of preparing the new term, the set of policies and regulations that support the functioning of the various Corporate Governance Bodies and respective committees, was reviewed, and approved, always with a view to further updating, formalizing, and strengthening alignment with the best governance practices. Within the scope of these processes and adjustments, we highlight:

CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE [5]

The Corporate Governance and Sustainability Committee derives from the pre-existing Corporate Governance Committee, corresponding to an extension of the respective assignments, for a more comprehensive role of supporting the Board of Directors in the performance of its function of supervising social activity in matters of corporate governance, rules of conduct and social, environmental and ethical responsibility, as well as in matters of sustainability, and in the study and recommendation of policies and procedures that guide the Board's activity in accordance with national and international standards and best practices in these matters.

INTERNAL POLICY FOR SELECTING MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS[6]

The Internal Policy for the Selection of Members of the Management and Supervisory Boards was approved in March 2022, with the objective of, in line with the best corporate governance practices, establishing the criteria and requirements to be considered, regarding the profile of new members of governing bodies. The criteria consider, in addition to individual attributes such as skill, independence, integrity, availability and experience, appropriate to the role to be performed, collective diversity requirements (with special focus on gender diversity), which together contribute to the excellence of the performance of the governing bodies and balance in its composition.

These criteria, defined by the Corporate Governance and Sustainability Committee, must be taken into consideration by the NOS Appointments and Assessments Committee within the scope of the opinions it must prepare in the exercise of its functions to support the Board of Directors on the suitability of a given candidate for the governing bodies.

2.2.4. External environment

The external environment, namely the macroeconomic and geopolitical situation, as well as the legal and regulatory context, constantly influence and challenge us. With an increasingly complex context and aggravated by recent events, being able to analyse and react quickly to external developments, through processes such as risk analysis, assessment and management, and strategic planning, is increasingly crucial to ensure the success of our operations.

ATTENTION, QUICK REACTION AND PROACTIVITY TO THE ENVIRONMENT [7]

Attention, quick reaction and proactivity to the environment, has been an ever-present characteristic of NOS management, allowing not only to be influenced and challenged by it, but also to be an active agent that positively and decisively influences the state of maturity of the telecommunications and entertainment market in Portugal.

Our strategic plan is a dynamic and adaptive agent. As a result of Management's regular monitoring, it is gradually adapted in view of the stimuli provided by the evolution of the macroeconomic and market context, in order to guarantee an effective response by the Organization to the changes that this evolution entails.

The reinforcement of the strategic bet on the development of new adjacent businesses, which, combined with the offer in the telecommunications sector, allow to complement the solutions offered

(4) In addition to this self-assessment of the Board of Directors as a whole, the members of the Executive Committee are assessed annually, in a process under the responsibility of the Remuneration Committee, composed of two independent members. For this purpose, this committee is supported by an opinion prepared by the Appointments and Assessments Committee and based on a set of objective and measurable criteria, as explained in greater detail in points 24 and 25 of the Corporate Governance Report.

(5) More information on the powers, composition and functioning of this committee can be consulted in point 29 of the Corporate Governance Report, and the respective regulation, on the institutional page of our website (Corporate Governance (nos.pt)). The chapter on Responsible Management includes more information on the role of this and other committees in the management and supervision of ESG impacts.

(6) This policy can be consulted on the institutional page of our website (Corporate Governance (nos.pt)), and more information on the process of selection and appointment of candidates to the governing bodies can be consulted in point 19 of the Corporate Governance Report.

(7) More detailed information on the evolution of the external context can be consulted in "3.1.1. Context we influence and that challenge us" in this report.

to the market, reinforcing competitiveness and convenience for customers, is one of the consequences of this process. This aspect, provided in the strategy since the beginning of the current strategic cycle (2021-2025), gained added momentum with the launch in 2022 of the Alarms business.

CONTEXT AND TRENDS THAT SHAPE OUR STRATEGY [8]

The accumulated effect of the pandemic and the war in Ukraine has generated dynamics of change that have been monitored, assessed, and considered in the continuous and regular process of monitoring the strategic plan, including factors and trends such as:

- Inflationary pressure and reflections on salary adjustment dynamics, material and equipment costs, interest rates/cost of capital, and cost items in general, aggravated by issues of global security in accessing resources (materials and energy);
- Maintenance of constraints in logistics chains, with an increase in associated costs;
- Constraints in the supply chains, also reflected in the associated costs and which may impact delivery times and the security of supply itself -in addition to the economic aggravation effect, these constraints are likely to generate operational impacts when not weighted properly;
- Behavioural changes resulting from the pandemic and increased risk of new pandemic waves;
- Increased incidence of cyberattacks;
- Changes in market dynamics motivated by changes in the players of the national telco sector and by a potential economic recession (real or expected) and consequent effect on consumption patterns;
- Negative cross-cutting effects associated with increased geopolitical tensions and positive effects to the increased relevance of companies' ESG initiatives to all stakeholders.

(8) More information about our strategy available in "2.3.2. Our development and value creation strategy" in this report.

2.3. Our Best Assets and Strategic Positioning

Our assets and strategy are the driving forces behind our ambition to lead a positive digital transformation

2.3.1. A unique combination of differentiating assets.

We have a wide spectrum of valuable and differentiating resources that constitute a crucial activating key of our capacity to stimulate a positive transformation inspired by the future, connecting, and delivering short and long-term value to our customers and stakeholders through a fruitful, responsible, and inclusive digital transformation. It is a unique combination of people, technology, knowledge combined with an innovative spirit, network and other assets that support our activities and ambition, leveraging our success, but also being leveraged by NOS.

Our assets relate to the capitals suggested by the IIRC framework covering the whole spectrum of value it proposes: Financial Capital; Human Capital; Manufactured Capital; Intellectual Capital; Social and Relational Capital; Natural Capital. In some cases, the relationship is univocal asset - capital, whereas in the case of other assets, they cover more than one dimension of value, as referred to in "2.3.2 Our development and value creation strategy " in this report.

STRONG BALANCE SHEET AND INVESTMENT CAPACITY

Strong cash flows and balance sheets, allied to and resulting from a careful financial management that allows us to have the necessary funds to invest in long-term value creation initiatives

FUTURE-PROOF MOBILE AND FIXED NETWORK

Our network, increasingly comprehensive and based on the latest technology, allows us to provide a reliable service with widely recognized quality.

MOTIVATED, DIVERSE AND HIGHLY QUALIFIED WORKFORCE

Our people, who we are committed to qualifying for the challenges of the future, activate our ambitions with their knowledge, skills, motivation, and plurality

BUSINESS PARTNERS THAT TAKE US FURTHER[9]

We work closely with a wide range of partners and suppliers, who help us deliver innovative solutions that best serve our customers' needs.

Financial Capital	Material Capital	Human Capital	Relational Social Capital; Material Capital
– Strong and stable balance sheet, with a after leases net financial debt/EBITDA ratio of 1.81x – Investment grade rating with a stable outlook of BBB by Fitch and BBB- by S&P Global Ratings – Debt cost among the most competitive in Portugal and in the international sector (average debt cost in 2022: 1.4%) – Nationwide fixed and mobile network sharing agreements, maximizing investment and operational efficiency	– 5,284 million homes covered with new generation fixed Gigabit networks (of which 3.350 million with FttH) – 99% of the population with 4G mobile network coverage and more than 87% with 5G network coverage – Largest 5G network in Portugal with more than 5,840 stations installed – Network with speed, coverage and quality widely recognized in 2022 (Ookla, Open Signal, DECO, and other recognitions)	– 1 803[10] employees, 1,066 men, 737 women – 33% women in management positions and 33% women in senior management – >75% employees with higher education	– + 6,250 business partners, with operating philosophy and values compatible with those of NOS – Ecosystem of strategic partnerships, which complement our offer with solutions for a better technological footprint

(9) Information about our main partners is available on our website.
(10) The total number of employees presented does not consider directors, interns, employees of companies whose participation in NOS is less than 51% and cinema workers

PIONEERS IN DIGITAL INNOVATION AND TRANSFORMATION [11]	LARGEST CINEMA NETWORK IN PORTUGAL	STRONG AND WELL-ESTABLISHED BRAND	INTEGRATED AND DIFFERENTIATING ESG FRAMEWORK
Innovation is a structuring pillar of our business and a constant investment, feeding the evolution and relevance of our offer and the digital evolution of companies and society	Largest network of national cinema venues, recognized by consumers as a bastion of quality and fully adapted to the digital age	Brand awareness is one of the main assets of NOS and reflects our institutional marketing strategy aligned with our purpose and ambition, but above all a reflection of our positive impact and of everything we do	Sustainability framework with a clear purpose and objectives, deeply rooted in the business and cross-cutting, which drives our development and contribution to the Sustainable Development Goals

Financial Capital	Material Capital	Relational Social Capital	Relational Social Capital Natural Capital | Human capital
– NOS 5G fund with €10M capital to invest in 5G-enabled national start-ups (5 start-ups already invested in: Reckon, Knok, Kit-AR, DIDIMO and MindProber) – A partner for the digital transformation of the Portuguese business fabric, we recently opened the 5G Hub, to promote innovation and co-creation of 5G solutions, with 33 solutions already developed by around 17 partners – Continuous innovation of digital first product and services (e.g., NOS Apps, first 100% digital eSIM, Total Wi-Fi solution, generalization of eco-sims, etc.) – Investment in innovation consistently recognized, in recent years, as the largest, within the scope of Portuguese companies (private sector).[12]	– National coverage through 30 venues and a total of 214 cinemas. – 8 consecutive years in first place in "Consumer Choice", Digitalisation of the customer experience, with films search, and ticketing available online and in the new App	– Consistently integrates the national top 10 of generic advertising recall – Cinemas NOS and NOS Alive distinguished with "Consumer Choice" consecutively – Strengthened brand position in light of the 5G performance and global performance of the mobile network and the consequent recognitions obtained	– ESG performance consistently recognized as high and above industry average by indexes/raters such as Moody's ESG Solutions or CDP's Climate Change program (see "2.4.1. Recognitions") – Emission reduction targets validated by the Science Based Targets initiative (SBTi) – More than 20% of NOS' free float is held by ESG institutional investors – Increased solutions (products/services) with environmental and social benefits

(11) See more information about our approach to innovation on our institutional website and about the approach to sustainable innovation in "3.5. We Generate Value for the Planet and for a Sustainable Society" in this report.
(12) According to the latest lists of companies that invest the most in innovation released by the Directorate General of Education and Science Statistics (DGEEC). No list was released regarding data for 2022.

2.3.2. Our development and value creation strategy

We face the transforming power of new technologies with ambition and responsibility. We want to continue to be digital leaders in the Portuguese market, particularly in 5G technology and guarantee an increasingly competitive position, centred on the customer and on the technology of the future. At the same time, we recognize the power of technology to combat current environmental and social challenges and therefore we aim to promote a responsible and positive transformation for everyone, placing digitization at the service of social and environmental inclusion and innovation, while managing our activities within an ethical and responsible governance framework.

NOS NEXT GENERATION strategic priorities

The NOS NEXT GEN strategic priorities, systematized into six strategic axes of action, constitute the central element of NOS' development strategy, and reflect the guidelines established for the 2021-2025 strategic cycle.

5G LEADERSHIP

Leading the 5G mobile network experience and value proposition.

Due to its relevance for families, companies and the country, NOS' leadership in 5G is a key element in strengthening the connection with our customers, in the investment in connectivity due to its unquestionable importance and relevance, and in the prominent position at the forefront of a new technological wave that grants operators an even more central role in society. NOS will continue to strengthen its commitment to leading in the mobile network experience, substantially improving its coverage and capacity, as well as maintaining its competitive and differentiating 5G offer, adjusted to customer needs and the 5G technological evolution plan.

DIGITAL EMANCIPATION

Accelerate in a sustainable and structural way the use of digital channels in customer interaction.
We are going through a new era in digital interaction between companies and customers, breaking with traditional channels and decisively accelerating changes in customer expectations and habits. For NOS, digital provides the opportunity to continue reinventing the customer experience and increasingly converge towards a customer-centric model. It is, therefore, a strategic priority to strengthen the commitment to a profound digital transformation, in which digital channels play an increasingly central role.

COMPETITIVE OFFER

Ensuring the offer of products and services adjusted to new market dynamics.
The context in which we operate has accentuated the relevance of connectivity and entertainment services, demanding from NOS an even greater commitment to the quality of service and the distinctive characteristics of its offer. In the coming years, NOS will maintain its commitment to the excellence of its connectivity services, will continue to evolve its entertainment ecosystem and will provide, at all times, competitive offers that address the different customer segments we serve.

CLOSE RELATIONSHIP

Deepen customer relationships, focusing on a closer and more personalized management.
The strong competitive dynamics of the national telecommunications sector poses a set of base management challenges that require a deepening of the relationship with customers and an incessant search for the introduction of innovative elements, both in terms of the offer of products and services and in terms of the customer experience. In this way, NOS will maintain a firm commitment to strengthening its position as a leading brand, personalizing the relationship with our customers, and investing in pioneering and innovative solutions.

VALUE CREATION

Securing additional avenues for value sustainment and growth.
The current macroeconomic environment and the demanding investment cycle that we are going through - namely due to the introduction of a new mobile technology - require an incessant search for new avenues of value creation. In this sense, NOS will accelerate a path of transformation and redesign of business processes with a focus on maximizing efficiency, seeking to increase the return on its investments and exploring new lines of business that capitalize on the advantage that our assets give us.

FOCUS ON PEOPLE

Prepare and empower the organization for current and future challenges.

Maintaining NOS as a benchmark for sustainability and for valuing our employees will require reinforcing the strategic bet on building an organization aligned around a common purpose, with an agile organizational model, with skills for the future and committed to society. We will continue to apply a systematic approach to sustainability, viewing the ethical, social and environmental dimensions as strategic and inseparable factors in the development of the organization and the business. Our

commitment to sustainable development is intrinsically linked to the ambition to continue to be an example of leadership and recognition in sustainability in the sector and in Portugal.

Execution of the strategic plan

The execution of the strategic plan has generated an incredibly positive impact on NOS' most transversal indicators, leading the market growth and presenting a sustained growth of revenues, results, and shareholder remuneration.

In 2022, we continued with the 2021-2025 strategic cycle, with expressive results that attest to the added value of the guidelines and path.

Our strategy

Our progress and results

TAKING THE LEAD

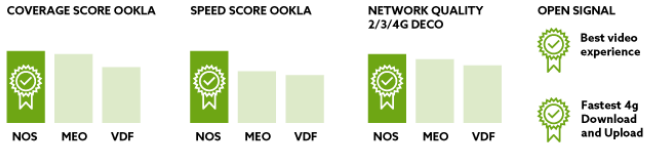
- 5G LEADERSHIP
- DIGITAL EMANCIPATION

ENSURE COMPETITIVENESS

- COMPETITIVE OFFER
- CLOSE RELATIONSHIP
- VALUE CREATION
- FOCUS ON PEOPLE

5G LEADERSHIP

We are the best mobile network in Portugal and we have established a clear leadership in the introduction of 5G



We are the operator with the largest number of 5G stations*, and with a 87% population coverage rate
*registered with ANACOM

We are pioneers in the introduction of 5G use cases in Portugal
- Opening of 5G Hub with 33 solutions developed with 17 partners
- Pioneers with the first 5G buildings

We invested in 5 start-ups whose business model is leveraged by 5G, through the NOS 5G Fund

reckonai knŏk KIT·AR mindprober DIDIMO

DIGITAL EMANCIPATION

- We implemented advanced analytics solutions in our operating model, with significant improvements in customer experience
- Reduced the rate of repeat customer service calls

We have extended the features and increased the degree of use of our digital ecosystem

1 122M
Of digital users within our ecosystem

Ratings App Store 1-5

App NOS	App WTF	App Cinemas	App WOO
4,2	4,6	4,7	4,6

Our strategy

Our progress and results

TAKING THE LEAD

- 5G LEADERSHIP
- DIGITAL EMANCIPATION

ENSURE COMPETITIVENESS

- COMPETITIVE OFFER
- CLOSE RELATIONSHIP
- VALUE CREATION
- FOCUS ON PEOPLE

COMPETITIVE OFFER

We have improved the wi-fi experience with Power WiFi and Total Wi-fi solutions

Pioneers in providing our customers with Disney+, on the UMA TV platform

We renovated our routers and set-top-boxes to new generation equipment

We continue increasing the percentage of homes that we cover with FttH

- >63% fixed Gigabit footprint covered by FttH network

CLOSE RELATIONSHIP

34% brand awareness (+ 7pp compared to 2021)

VALUE CREATION

We launched a new line of alarms business, taking advantage of synergies with the telco business

FOCUS ON PEOPLE

We redefined the NOS purpose, mission and values and initiated a cultural transformation process

We are recognised externally as a benchmark in ESG, and we have an ambitious agenda under implementation

Moody's ESG Solutions	CDP	SUSTAINALYTICS	S&P Global	Bloomberg	SCIENCE BASED TARGETS
66/100 (2022, +3 pts YoY, 4º do setor ao nível europeu)	A (evolução face a A- em 2021)	Risco ESG Baixo	TBD	GEI Score de 84,11%, (+19,41pp face a 2021)	Validação objetivos de redução de emissões

STRATEGIC PILLARS OF SUSTAINABILITY[13]

We face the ethical, social, and environmental dimensions as strategic and inseparable factors in the development of the organization and the business.

The ESG dimensions play an important role in the 2021-2025 strategic plan, through four strategic pillars of sustainability: (i) on behalf of the planet; (ii) for a digital future; (iii) more for our people and (iv) ethical and responsible management.

The commitments assumed within the scope of our sustainability vision, expressed in these four pillars, articulate with the areas of action inherent to the NOS NEXT GEN strategic priorities , in particular the strategic priority that aims to "Prepare and empower the organization for current and future challenges", in a mesh of actions that start from the business and the customers, but provide a broader base of value, to stimulate a positive transformation inspired by the future.

STRATEGY ALIGNED WITH THE SDGS

Each strategic pillar of sustainability encompasses commitments and goals that contribute to and are aligned with the United Nations Sustainable Development Goals (SDGs) [14], contributing more actively to 11 of the 17 goals, as they are those that are most intertwined with our activity and positioning and, therefore, on which we can add more value.

Progress in meeting these commitments and targets allows us to systematically mirror our contribution to the SDGs, although it is complemented by several other initiatives, which are described throughout this report.

(13) After defining, at the end of 2020, the goals associated with each strategic sustainability pillar for the 2021-2025 cycle, the energy efficiency goal established for 2030 was meanwhile achieved, approximately 10 years earlier, driven by network infrastructure modernization and energy efficiency measures. Thus, NOS established new targets in 2022, committing to reduce by 70% the total energy consumption per data traffic by 2025 and 80% by 2030, when compared to 2019. It is important to highlight that in this context, the base year comparison has been updated to align with the targets already validated by SBTi

(14) Sustainable Development Goals - UN Portugal (unric.org)

SDG	PILLAR	COMMITMENT	STRATEGIC TARGET	PROGRESS LEVEL	STATUS 2022
	ON BEHALF OF THE PLANET Lead unequivocally in combating climate change and in the circular use of resources, positively influencing the entire value chain	Increase the energy efficiency of the operation	Reduce the energy consumption of the telecommunications service per data traffic by 70% by 2025 and 80% by 2030, compared to 2019		**Energy efficiency:** in 2022, we adopted a new energy efficiency indicator, more suited to our current operation (telco service energy consumption per data traffic) and defined a more ambitious goal for its reduction. We activated advanced Power Saving Features of the 5G network, launched a program to optimize the air conditioning of technical rooms and continued to implement the mobile access network sharing program, which will reduce consumption compared to a business-as-usual scenario. The expansion of the installed capacity of the 5G network, which is still not fully used, increased the energy consumption ratio by 10% compared to 2021, however, it is 47% below the base year figure (2019).
		Use renewable electricity to meet our consumption	Consume 100% of renewable electricity		**Renewable electricity:** it is NOS' commitment to consume, in its own operations, 100% of electricity produced from renewable sources. However, due to the exceptional circumstances verified in the energy market throughout 2022, we were unable to fully achieve the target this year, having consumed 81% of electricity with renewable certification.
		Reduce the carbon footprint in line with climate science	Reduce the own operation's carbon footprint (scope 1 and 2 emissions) by 90% by 2030, compared to 2019 (Science-Based Target approved).		**Scope 1 and 2 emissions:** In 2022, own operation emissions decreased by 59% compared to the previous year. The reduction was 68% compared to the base year of 2019, surpassing the performance aligned with a linear trajectory for meeting the intermediate target for 2025 (-80%) and the SBT defined for 2030 (-90%). This evolution was mainly due to the consumption of electricity with certification of renewable origin, which reduced scope 2 emissions by 68%, compared to 2021.
			Reduce value chain carbon footprint (Scope 3 emissions) by 30% by 2030 compared to 2019 (Science-Based Target approved).		**Scope 3 emissions:** Total scope 3 emissions decreased by 4% compared to 2021, standing 6% below the figure in the SBT base year (-30% until 2030, compared to 2019). The reduction was mainly due to the improvement in the energy efficiency of equipment placed on the market, which reduced emissions from the use of our products and services.
		Contribute to the reduction of emissions in the economy	Reduce, by 2025, customer emissions through our products and services, in an amount greater than the emissions of our own operation.		**Contribute to reducing emissions in the economy:** we continued to expand our portfolio of products and services that reduce customer emissions, with new communications and collaboration, cloud and data centre, Internet-of-Things, and analytics solutions. In 2022, these solutions represented 9,3% of turnover in the corporate customer segment
		Promote the circularity of NOS business through the reuse, resale or recycling of network and customer equipment	Increase, annually, the level of circularity between 2022 and 2025		**Circularity:** We maintained the operation of collection, refurbishing and reuse of fixed service residential customer equipment (TV boxes, routers, and hubs), ensuring the collection of 86% and the reuse of 48% of disconnected equipment. We also continued to sell refurbished smartphones. In our own operation, we reached an overall 98% recovery rate of the waste generated and we strengthened the programs to reuse network equipment and to reduce the consumption of materials in the logistics operation, where we avoided the use of 13.7 tons of plastic and paper.

2021-2025 Strategic Cycle Implemented In progress Not implemented

SDG	PILLAR	COMMITMENT	STRATEGIC TARGET	PROGRESS LEVEL	STATUS 2022
	FOR A DIGITAL FUTURE **Promote the digital transformation of society, through democratic access to technology and the inclusion of the most vulnerable audiences.**	Generalize digital access by expanding network and service coverage.	Increase the percentage of population covered with 4G/5G by 2025		**The year 2022 contributed decisively to increasing access and digital inclusion:** today we are the largest 5G network in the country, with a 5G coverage rate of 87% of the Portuguese population. High-speed coverage (>1 Gbps), available to more than 60% of the population, contributes to the use of applications that benefit personal and business communications. **The optimization and resilience of service infrastructures continued to be a priority**, with initiatives centred on improving the physical layouts of the network, service platforms and energy. **We continued expanding 5G equipment to lower price ranges,** democratizing access to this technology. **We have improved the wi-fi experience with new solutions, and, in response to the growth of digital insecurity,** we have created solutions for a safer use, and more defensive in the face of digital risks. **In the area of digital literacy, we launched the "Projeto ZER01 Entra na lógica da Computação**", a program for teaching computing in 1st and 2nd cycle schools (1st to 6th grade), with which we want to impact 10,000 people by 2025. We innovated by providing solutions with environmental benefits, such as the eco-rating of NOS products & services, the eSIM and Eco sim. Our portfolio of services for the sustainable transformation of companies continued to grow, with new solutions in the areas of cybersecurity, or remote assistance, with services that apply augmented reality technology, contributing to the dematerialization of the economy. We continued with the smart cities projects, highlighting in 2022 the projects in the municipalities of Barreiro and Pombal, which contribute to low-carbon urban environments, and safer and healthier communities, and to the development of projects funded by the Recovery and Resilience Plan in the area of the Green Agenda, which aims to strengthen innovation to accelerate the green transition. In the area of promoting a more sustainable future, we also highlight the protocol signed with «Nova School of Business & Economics (Nova SBE), to implement the Data for a Better Future Initiative (DfBF) project, created to place Data Science (data analytics) at the service of a more sustainable future society.
		Increase network resilience and emergency situations response in general.			
		Define a program focused on promoting digital literacy and access to technology for vulnerable groups.			
		Define a program aimed at training young people and professionals in the digital skills of the future.	Impact 10,000 people through programs to promote digital literacy and digital skills training for the future, by 2025		
		Develop P&S offer for market segments with less economic capacity, or customers with disabilities.			
		Inform and raise awareness about security and privacy in the use of products and services.			
		Implement, through new technological solutions, a P&S offering that responds to social and environmental challenges.	500,000 objects linked by IoT solutions with environmental or social benefits, by 2025		
		Promote the sustainable development of companies and institutions through their digital transformation.			

SDG	PILLAR	COMMITMENT	STRATEGIC TARGET	PROGRESS LEVEL	STATUS 2022
	MORE FOR OUR PEOPLE **Positioning NOS as the best company to work for, promoting diversity and inclusion, and equal opportunities, as well as people's physical and emotional balance.**	Promote equal opportunities for personal and professional development for all employees and ensure a rigorous, transparent, constructive, and meritocratic performance assessment.	Improvement of the employee satisfaction index		We aim to be one of the best companies to work for, promoting the professional and personal development of our talent; and apply the principles of equality, diversity, and inclusion in the management of our human capital. The result of 83% in the general satisfaction index of our employees, which registered an increase of 3 percentage points compared to the previous year, as well as the pride index of working at NOS, with 85%, validate the achievement of the commitments and targets established. Focused on attracting and retaining the right talent for the development of NOS, we have redefined our way of working, with changes in workspaces with the aim of adapting them to more digital, agile, and flexible ways of working. In 2022, we restructured and relaunched our development and training area, NOS CAMPUS, taking learning in the organization to another level. In a total of 34,547 hours, 39% more than in the previous year, training covered 93% of the organization. The promotion of equality and diversity was also an area of focus, with the following results: 33% of management positions are held by women (an increase of around 2 % compared to 2021). We have redefined our health and well-being program with the launch of the NOS VITA Program.
		Promote diversity, in its different dimensions, and foster a mindset of inclusion in NOS.	Increase in the number of women in management positions (= or > manager), by 2025		
		Redefine the health and well-being program to increase the impact on promoting healthy living in a sustainable way.			

SDG	PILLAR	COMMITMENT	STRATEGIC TARGET	PROGRESS LEVEL	STATUS 2022
	ETHICAL AND RESPONSIBLE MANAGEMENT **To be an example in the implementation of best management practices, with a focus on ethics, governance, risk management and continuous assessment of the supply chain**	Promote reflection on the current government model in line with the best practices of structure, evaluation, independence, over presence and diversity, namely of gender and experience.	Positive evaluation of employees on the company's ethical performance between 2022 - 2025.		In 2022 we continued to meet the commitments of the various policies and codes that form our sustainable management system, supported by a governance model that incorporates the management of ESG topics, and which is aligned with good practices in terms of structure, assessment, independence, and diversity. Board of Directors, Executive Committee and various committees are the governing bodies with responsibilities in ESG management. The risk management system, with its risk mapping routine, and prevention and mitigation measures, is also a relevant contribution to our compliance with ethical and responsible management. We continued to promote training on ethical behaviour among employees and partners. In addition to e-learning on the subject, with around 98% of employees trained, we promoted "Let's talk about Ethics", a set of open sessions for sharing knowledge about business ethics. In order to improve the evaluation of suppliers in the ESG domains, in 2022 we started the parameterization of the evaluation tool.
		Acting ethically and responsibly with our employees, customers, suppliers, and business partners.	Environmental and social evaluation of 100% of the risk suppliers by 2025.		
		Promote the reduction of environmental impact and ensure the compliance with social criteria in the supply chain.			

2.4. The value we generate for all stakeholders

We share a constant drive for positive evolution with our stakeholders, a comprehensive and real value, with a digital focus.

Our business model, integrated and activated by our strategy and resources, provides us with diverse competitive advantages and allows us to guarantee a positive balance of the impacts of our activities, providing economic, technological, environmental, and social value to customers, shareholders, employees, a network of partners and suppliers, and also to the planet and society in general. Through careful management of priorities, risks, opportunities, and adequate monitoring processes, we are able to take advantage of new technologies for digital transformation and share a constant drive for positive evolution, contributing to the United Nations Sustainable Development Goals.

Our activities impact our stakeholders, creating a stimulus for constant positive transformation

Customers

+87%
of the Portuguese population covered by the NOS 5G network

Customer service consistently
recognised over the years by APCC

+78%
of customers have already subscribed to the electronic invoice

Our customers are at the centre of our actions and decisions. We invest constantly to be increasingly present and close, and we place new-generation technologies and innovation at the service of an increasingly digital, secure and rewarding experience, creating real value with a focus on digital.

Shareholders

1 521M€
Consolidated Revenues

651M€
EBITDA

142,4M€
dividends paid*

0.278€
dividends per share*

650M€
in loans indexed to ESG performance

We combine ambition and optimism with strict discipline in asset, investment and risk management, ensuring solid operational and financial performance, increasingly anchored in ESG capital

*Dividends paid in 2022 on 2021 results
** More information on the institutional site

Employees

34 547
hours of training

88%
of employees trust their leadership

86M€
Staff costs

We are committed to positioning NOS as the best company to work for, ensuring the promotion of talent and training for the challenges of the future, fostering diversity, inclusion, and equal opportunities.

Business partners

86%
of supplier transactions occurred with national suppliers contributing to local dynamization

17
partners with innovative projects/solutions supported

51,2M€
Supplier Paymentss

We are fair and transparent in our relationship with all our partners and suppliers, seeking to reach agreements that maximize the value generated for all parties and helping to boost the national economy.

Environment and Society

-47%
of energy consumption of the telecommunications service per unit of traffic (vs 2019)

-68%
CO2e emissions from own operation - scope 1 and 2, (vs 2019)

48%
of equipment reuse from disconnected customers in the fixed service

< 26 thousand
trees planted through the "One Purchase = One Tree" campaigns

9
cities with Smart Cities protocols intervened by NOS (accumulated)

76M€
Payments to the State

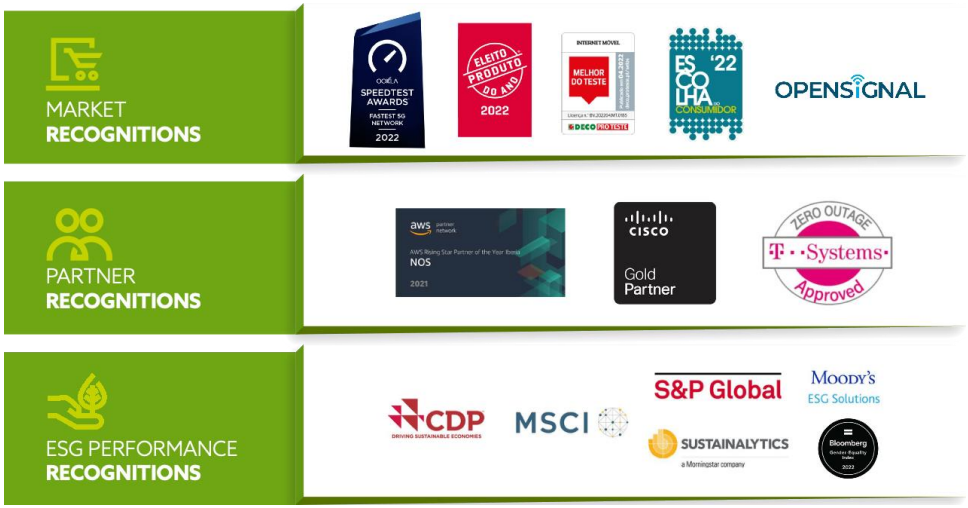
Our products and services and our performance contribute to a more digital, inclusive, energy and environmentally efficient society aligned with ESG values.

2.4.1. Recognitions

Validation of the value of our efforts and strategic guidance

Our efforts and strategic bets have been consistently recognised, validating the path we have been following and the work of the entire NOS team. In 2022, we obtained the first distinction awarded to 5G technology in Portugal, in line with our ambition to be leaders in this field, in a year in which the global quality of our network was widely recognized, while we continued to obtain recognition at various levels.

We continued to be recognized by private consumers, customers, and other entities, in terms of innovation and ESG performance. These recognitions motivate us and are an expression of the value we seek to bring to everything we do.



MARKET RECOGNITION - SPECIALIZED TECHNICAL REVIEWS

Fastest 5G network according to Ookla ®[15]

Ookla® awarded NOS as the operator with the fastest 5G network in Portugal. This was the first 5G distinction awarded in Portugal, having been based on the results from an extensive data analysis, collected using more than 73 thousand tests carried out by users of the Speedtest® platform, belonging to the three operators, during the first half of 2022.

This distinction followed another regarding network speed in general, where NOS was also recognized with the award for the fastest network in Portugal, in the second half of 2021.

Most awarded mobile experience in Portugal according to Opensignal[16]

In the February 2022 Portugal Mobile Network Experience Report, Opensignal, which evaluates the mobile network user experience of the main operators worldwide, crowned NOS as the most awarded operator in the mobile network experience evaluation in Portugal. The study took place between September 1 and November 29, 2021, evaluating the experience of the three national operators in seven categories: Video experience; Gaming experience; Voice app experience; Download speed experience; Upload speed experience; 4G Availability and 4G Coverage.

OPENSIGNAL

(15) NOS has the fastest 5G network in Portugal

(16) NOS is the most awarded operator in mobile experience

MARKET RECOGNITION - CONSUMER VOICE

Best of the DECO PROTESTE "Mobile Internet" test [17] – 2nd Consecutive Year

The classification 'Best of the Test – Mobile Internet' by DECO PROTESTE, was obtained according to the results of the last national comparative study of the QualRede application, which is based on the evaluation of the tests carried out by the users of that platform, more than 50 thousand measurements, between May 2021 and April 2022. The leadership position reflects the overall score for the download speed and upload speed, quality of internet browsing and viewing of streaming content parameters.

8th consecutive year of recognition of Cinemas NOS Consumer Choice

The 2022 Consumer Choice award, managed by ConsumerChoice – Consumer Satisfaction Evaluation Centre, recognized NOS cinemas for the 8th consecutive year, based on consumer evaluation, through the level of satisfaction or recommendation given by customers.

2022 Product of the Year[18]

Once again, the Portuguese attested to the innovation and quality of NOS' telecommunications and entertainment services and offers, in the 18th edition of the "Product of the Year" selection.

NOS was distinguished in all four categories for which it applied: Telecommunications Experience, with the offer of the most advanced Mobile Network; Wi-Fi Signal Amplifiers, with the Power Wi-Fi solution; Box Android TV, with New Android TV NVIDIA Shield TV; and in the App TV category, with the NOS TV App. The Product of the Year is an award promoted in more than 40 countries around the world, and awards products that stand out for their innovation and with a direct vote from consumers.

PARTNERS RECOGNITION - TECHNOLOGICAL PARTNERS [19]

CISCO Gold Partner | AWS Advanced Consulting Partner | Google Premier Partner

Maintained/renewed the maximum level of partnership by various technological partners, which attests to NOS' commitment and capacity to implement, with quality, joint solutions, adapted to the specific needs of customers, guaranteeing their satisfaction and a growing and sustained market base.

Cisco Customer Experience Specialized Partner

This specialization, obtained for the first time in 2022, proves the technological skills and capabilities of NOS sales and service offering, essential for providing sophisticated and value-added Cisco solutions.

(17) NOS mobile internet is the best in the country
(18) Portuguese prefer NOS offers
(19) Technological Partners

PARTNERS RECOGNITION - ASSOCIATIONS

Best Contact Centers 2022[20]

APCC Portuguese Association of Contact Centers (APCC)

NOS was once again recognized in the scope of customer service and in the "Telecommunications" category, in the 2022 edition of the APCC Best Awards Trophies:

- **1st Prize Gold Line 16100** (Corporate service) Randstad | NOS
- **2nd Prize Silver Line 16990** (Consumer service) Randstad, Manpower and Rhmais | NOS

These awards aim to distinguish the organizations that stood out in the adoption of Good Organizational Practices in the activity of Contact Centres in Portugal, both in terms of strategic, operational, and technological management, and in terms of human capital.

Top of Mind Call Centers Trophies [21]

NOS was also awarded in the "Top of Mind" category in the Call Center trophies, an initiative by Abilways Portugal and Call Center Magazine. These trophies, presented during the Global Contact Center congress, in November, award companies that distinguished themselves during the year in terms of excellence in customer service, also contributing to the credibility and qualification of the sector in Portugal.

The Top of Mind Brand trophy means that, for those surveyed, the Company stands out for the quality of the service provided.

NOS Procurement: Impactful Business Orientation EIPM-Peter Kraljic Awards[22]

Recognition obtained within the scope of the 13th edition of the EIPM-Peter Kraljic Awards. Since 2010, these awards have recognized procurement organizations around the world for their best practices and exemplary nature.

The recognition NOS Procurement: Impactful business orientation distinguished the Group's procurement practices, based on the analysis and scores provided by the responses to the various dimensions and criteria of the model of excellence that serves as the basis for selecting the winners, translating into the recognition of the following attributes:

- The procurement team operates with a business mindset that contributes to revenue generation with various projects that offer unique advantages to the company and its customers.
- Contributes to the establishment of partnerships with a significant impact on the business. For example, supporting the creation of an Ecosystem around 5G technology to unlock its value, an ecosystem that includes start-ups, suppliers, and other partners.
- Collaborates, within the scope of its assignments, towards the implementation of circular sustainability initiatives with an impact on customers' hardware.
- Continuous improvements are driven by frequent and systematic periodic feedback from stakeholders and suppliers, which the management processes in place help to capture and incorporate.

(20) APCC awards the best Contact Centers (apcontactcenters.org)
(21) Who are the 2022 Call Center Trophy winners? Find out here! (distribuicaohoje.com)
(22) Winners of the 13th edition of the EIPM-Peter Kraljic Awards for Excellence – EIPM

ESG RECOGNITION

CDP[23]

NOS was assessed by CDP – Disclosure, Insight, Action with an A score (the maximum score) in terms of performance and transparency in the fight against climate change (CDP Climate Program), ranking among the four best participating Portuguese companies. A score was a distinction only achieved by 283 organizations out of a total of 18,700 assessed in 2022, which places NOS above the average of companies in the Media, Telecommunications and Data Center Services sector and the average of European companies.

This is the third consecutive participation by NOS in this assessment, with its indicators showing an improvement compared to 2021 (including the maximum score in several criteria, namely in terms of inventory, emission reduction and targets, climate risk management and governance of the topic in the organization), cementing the company's performance at the Leadership level (evolution from A- to A).

This distinction is in line with NOS' ambition to lead in the fight against climate change and in the circular use of resources, positively influencing the entire value chain. It should be recalled that, in December 2021, NOS saw its emission reduction targets approved by the Science Based Targets initiative (SBTi). These targets include reducing, by 2030, 90% of greenhouse gas (GHG) emissions in its own operation and 30% in the value chain, compared to 2019.

CDP DISCLOSURE INSIGHT ACTION A LIST 2022 CLIMATE

BLOOMBERG GEI

NOS is part of the list of members of the Bloomberg Gender-Equality Index (GEI) for the second consecutive year, with an above average score and an increase of 19.41 percentage points compared to the previous year.

In the GEI 2023, NOS obtained a score of 84.11%, standing out against the global average of the index (73%), the Communications sector (73.53%) and the participating Portuguese companies (81.77%). This result reflects the company's commitment to equal treatment and opportunities for all its people, reflected in the Gender Equality Plan and in the NOS Statement of Commitment to Diversity and Inclusion.

Bloomberg Gender-Equality Index 2022

MOODY'S ESG SOLUTIONS

In the 2022 edition, NOS strengthened its position at the "Advanced" level, with a score of 66 out of 100, an increase of three points compared to 2021, which reflected a generalized improvement in all aspects assessed: Environment, Social and Governance (ESG), and especially in Social.

The global rating obtained, positioned NOS as the fourth best ranked company in the telecommunications sector in Europe, within the scope of this assessment, in which Moody's ESG Solutions analysed 1 623 companies at European level, 31 of which in the telecommunications area.

MOODY'S ESG Solutions

SUSTAINALYTICS[24]

In October 2022, NOS obtained an ESG Risk Rating of 15.0, assessed by Sustainalytics as having a "Low" risk of suffering material financial impacts from environmental, social, and corporate governance factors. The risk level decreased compared to the previous year (19.4, also at the "Low" level), recognizing the continuous improvement.

SUSTAINALYTICS a Morningstar company

(23) NOS is the 4th European Telco with the best ESG rating according to Moody's ESG Solutions

(24) Sustainability: Awards and distinctions - NOS

01
INTEGRATED MANAGEMENT REPORT

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3.1. Sustainable Generation of Results and Value for our Shareholders

Operating and financial performance driven by our strategic bet on technological and service quality

3.1.1. Context we influence and that challenge us

NOS' strategic priorities respond to its external environment and to global and national trends. NOS seeks, with the dynamism that characterizes it, to transform challenges and risks into opportunities for growth, generating value in the short, medium, and long term.

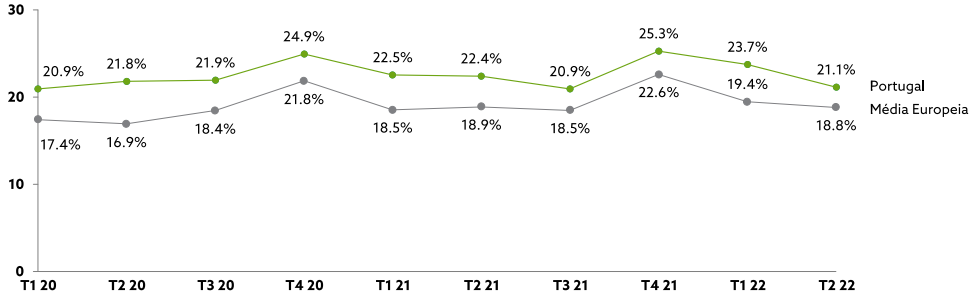
Reflecting this attitude, and due to its relevance in the Portuguese telecommunications market, NOS ends up influencing the context in which it operates. This positive and decisive influence in an already cutting-edge market has been leveraged by an ambitious investment plan and the leadership role it has assumed in the development of the 5G network in Portugal.

Overview of the national and European telco market with Portugal at the forefront

CONTINUOUS SECTOR INVESTMENT

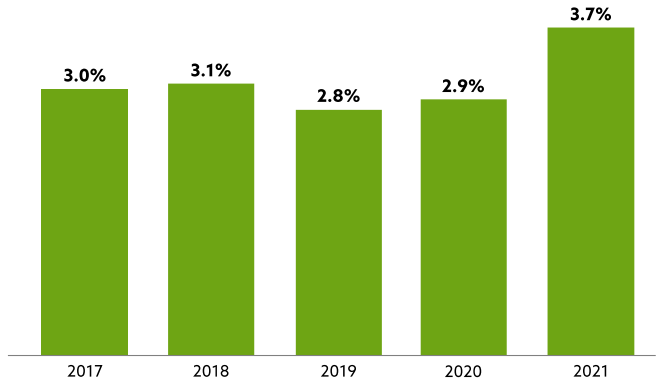
The Portuguese telecommunications market is at the forefront of the European market. It stands out for its high and continuous investment in the latest technology, with levels above the European average

CAPEX ratio over telecommunications sector revenues (%, Source: Broker Research)



Sector investment is a strong contributor to the national economy. According to ANACOM, global investment in the electronic communications sector corresponds to 3.72% of Gross Fixed Capital Formation in Portugal for the year 2021, a continuous increase over the previous two years.

Weight of global investment in the Electronic Communications sector in Gross Fixed Capital Formation (%, Source: Anacom)



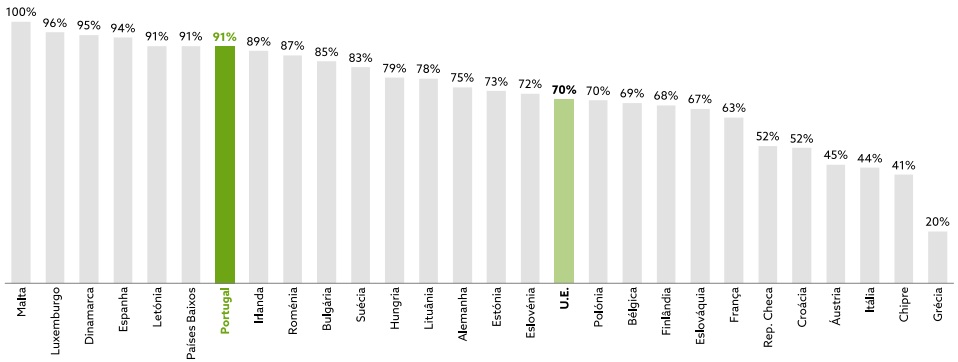
LEADERSHIP IN COVERAGE AND CONNETIVITY IN THE EUROPEAN CONTEXT

The sector's strong investment, with a strong contribution from NOS, is reflected in the leading position that Portugal occupies in Europe in terms of coverage and connectivity.

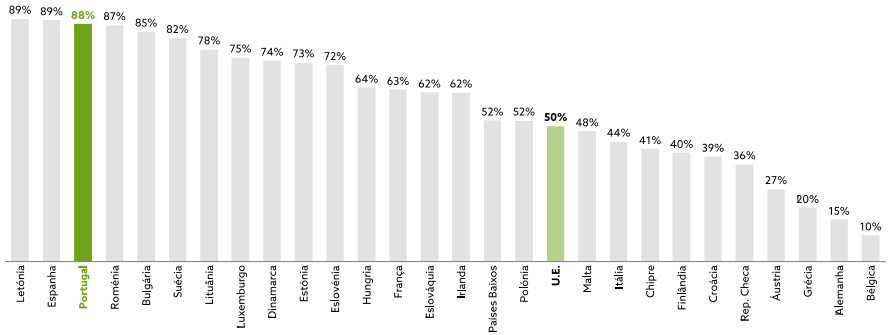
In terms of fixed network coverage, it ranks well above the European average, with 91% of Portuguese households covered with next generation networks, with more than 85% of households covered with Fiber.

Strong contribution from NOS
for the Portuguese state-of-the-art landscape in terms of network coverage

General Very high-capacity network (VHCN) coverage (FTTH and DOCSIS 3.1 coverage)
(% houses, 2021, Source: DESI 2022)



Fiber-to-the-Premises (FTTP) coverage (% households, 2020, Source: EU Digital Scoreboard 2021)

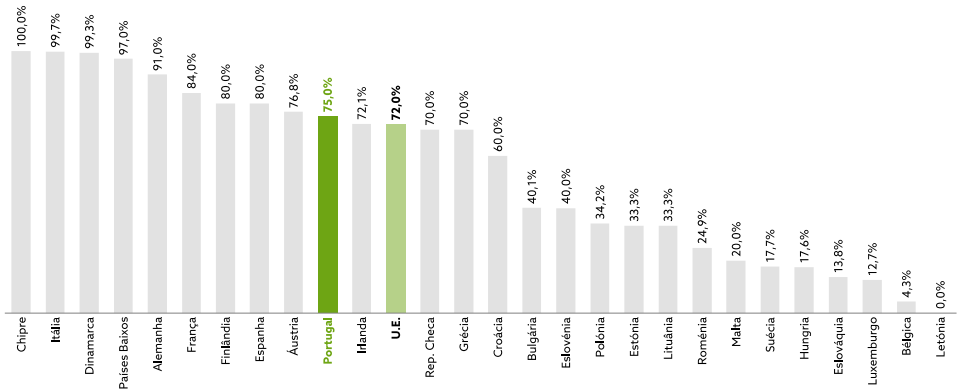


The example in the fixed service is followed by the mobile service. Although it was one of the last countries to launch 5G mobile services, through a prolonged frequencies auction, Portugal is among the countries with the highest percentage of population covered by a 5G network. Based on the latest available public data, reported by the European 5G Observatory[25], with reference to the third quarter of 2022, more than 75% of the Portuguese population is covered by a 5G network. A figure that derives from the strong investment by NOS, which reached a coverage of over 87% at the end of 2022, and leadership in the number of 5G stations, according to data released by ANACOM.

Relevant contribution from NOS
for the national 5G coverage landscape through strong investment guided by the ambition to be a leader in this technology

25 QR-17-Final-v3-CLEAN.pdf (5gobservatory.eu)

5G mobile network coverage (% population, Q3 2022, chart constructed based on publicly available data from the European 5G Observatory)

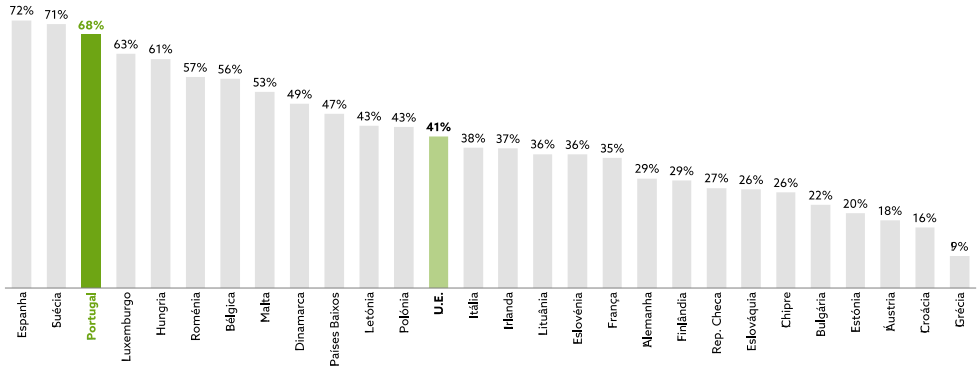


At the same time, the 4G network continues to play a significant role in mobile communications, with almost the entire country covered by this technology, in line with other European countries, maintaining its crucial role while the 5G network is being developed.

In connectivity, Portugal has a unique position, with a high penetration of both fixed and mobile services among the Portuguese, and on a growing trend.

In fixed connections, more than 65% of households have a high-speed fixed broadband subscription, making it the third country with the highest adoption of this type of connections.

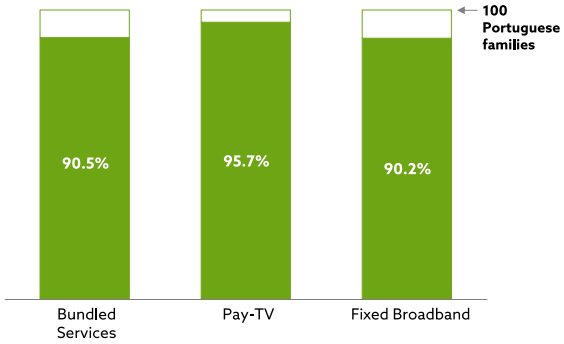
Percentage of households with fixed broadband subscription ≥ 100 Mbps (%, 2021, Source: DESI 2022)



In an analysis by type of offers, Portugal is characterized by the strong penetration of bundled services. At the end of the year, 91 out of 100 Portuguese households had bundled services (source: ANACOM, "Serviços em Pacote 3ºT 2022"), with more than 50% of subscribers of bundled services having 4P/5P bundles.

For the remaining services, penetration is also quite high. For the subscription television service, penetration in Portuguese households is 95.7% (ANACOM, "Televisão por Subscrição 3ºT 2022"), while for fixed broadband, the figure reached 90 out of 100 households (ANACOM, "Serviço de Internet em Local Fixo 3ºT 2022").

Fixed services penetration (%, 3rd Q 2022, Source: ANACOM)



In the mobile service, penetration is 122.5 per 100 inhabitants (ANACOM, "Serviço Móvel 3T2022"), considering actual mobile accesses and excluding accesses exclusively related to data services and Internet access (cards associated with PC/tablet/pen/router). Additionally, ANACOM reported that there were, at the end of September 2022, 1.56 million accesses to 5G mobile Internet, which accounts for 16.4% of total mobile Internet accesses in Portugal, one year after the official launch of the 5G network.

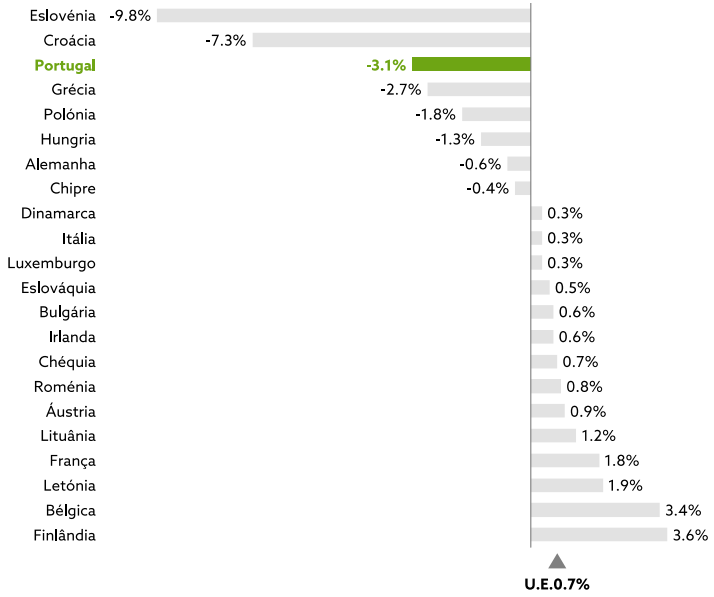
With this connectivity and coverage data, it is possible to conclude that the telecommunications sector in Portugal continues, and is increasingly, making the best technology and service available to the country and the Portuguese people, with NOS making a decisive contribution to this reality.

Offer at competitive prices

In addition to the broad coverage of the country, the sector has worked to provide services at more competitive prices. Throughout 2022, a year marked by generally high inflation in consumer products, the prices of communication services, such as fixed voice and mobile voice, remained stable.

On the other hand, and in line with the increasing digitization of society, the price level of standalone fixed internet in Portugal decreased throughout 2022. The average evolution of the 12 months of 2022 in standalone fixed internet prices was -3.1%, being one of the biggest drops among European countries, compared to the increase of the average, at 0.7%.

Annual evolution of standalone Fixed Internet price level
(average evolution of the last 12 months, December 2022, Source: HICP Eurostat)



CHANGE IN THE MARKET STRUCTURE

On the 30th of September, Vodafone announced the purchase of NOWO, the fourth largest operator in Portugal, by acquiring its owner, Carbonitel. The final decision on the operation is expected to take place in 2023.

MACROECONOMIC CONTEXT

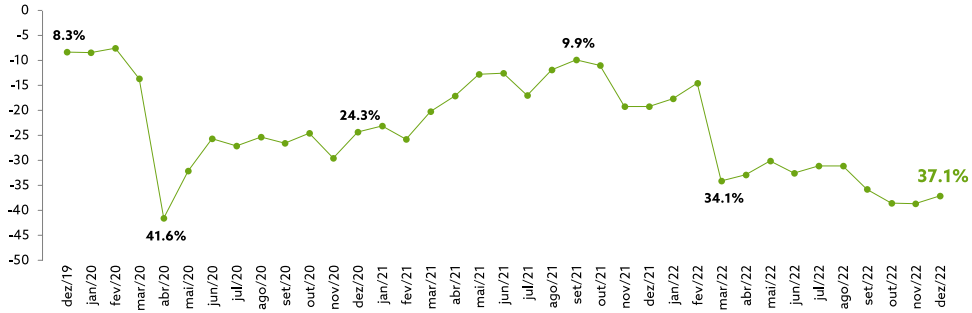
The year 2022 was marked by the existence of an armed conflict in Europe, with the invasion of Ukraine by Russia on February 24th. This event aggravated the increase in prices that had already been observed, and triggered an energy crisis in Europe, in view of Russia's decision to suspend the gas supply to the countries of the European Union. Since 2021, there has been an increase in the price of raw materials in general, including energy, generating a chain effect, and leading to a very generalized increase in the price of goods and services and the consequent increase in inflation.

In view of this situation, national and European government entities have been launching measures to combat inflation and help families and companies, when a slowdown in inflation is not expected in the short term. For its part, the ECB, faced with high levels of inflation, launched a program to increase interest rates, seeking to slow down price increases, which, in parallel with the increase in the cost of products and services, increases pressure on families and companies, with the rising cost of debt.

NOS also launched support measures for cases of economic hardship, providing products, including service bundles. Additionally, it is allowed to make changes to the services regardless of the current contractual situation, including its termination. Another solution that seeks to respond to this context is tailor-made payment. All these measures are complemented by the Advice Line.

In view of the pessimistic estimates, the level of consumer confidence has declined, contradicting the recovery registered in 2021.

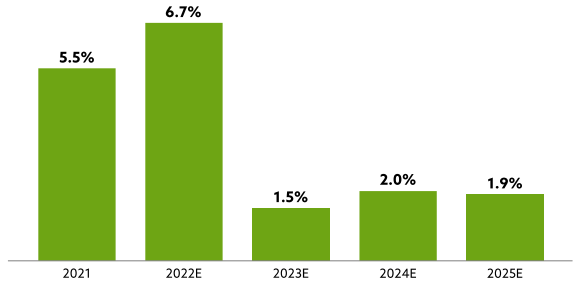
Consumer confidence index, monthly evolution (balance of external responses, Source: INE)



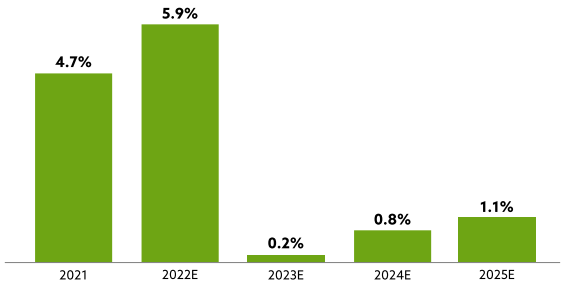
According to the National Statistics Institute, the average inflation rate in 2022 reached 7.8%.

Despite the challenging context, the national Gross Domestic Product (GDP) grew 6.7%, above the expectations of international organizations (i: International Monetary Fund (IMF), with 6.2%; ii: European Commission (EC) with 6.6%; and iii: Public Finance Council with 6.7%), which compares with a growth of 3.5% for the Euro Zone. The unemployment rate reached 5.8% at the end of the third quarter of 2022, below the 6.1% recorded in the same period of 2021 – Banco de Portugal projects that the unemployment rate for 2022 will be slightly higher and reach 5.9%.

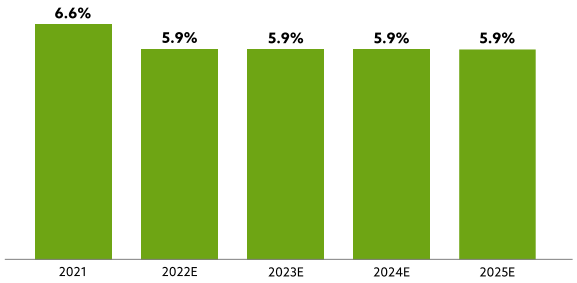
Evolution of Gross Domestic Product (Source: Banco de Portugal)



Evolution of Private Consumption (Source: Banco de Portugal)



Evolution of the Unemployment Rate (Source: Banco de Portugal)



For the coming years, the projections of Banco de Portugal point to a slowdown in the growth of economic activity in Portugal. The national entity forecasts a Portuguese GDP growth of 1.5% for 2023, above the forecasts of the European Commission and the IMF, both of 0.7%. After 2023, the economy is expected to expand to around 2% growth in 2024 and 2025.

The labour market is expected to remain stable and maintain an unemployment rate of 5.9% in the period 2023-2025, in line with the expected figure for 2022.

Faced with lower affordability and rising prices, private consumption will grow by just 0.2% in 2023, recovering to 0.8% in 2024.

In terms of inflation, it is expected to remain high in 2023 – an average inflation rate of 5.8% is expected for the next year. The slowdown is expected to continue in the following years, only normalizing to previous figures in 2025, recovering the figure of 2.1% in that year.

REGULATORY FRAMEWORK

NOS monitors the evolution of the general legal and regulatory framework with special emphasis on the sectoral legal and regulatory framework, which is applicable to it, in order to incorporate such rules into its operations and better manage the threats and opportunities that it represents for its competitive position in the respective business areas.

Overall, the fees paid by the NOS Group increased by 13% compared to 2021. This increase was due to the 15% increase in fees paid to ANACOM, which includes payment for the rights to use the spectrum acquired in the 2021 frequency auction.

In terms of regulatory decisions, during 2022 there were several developments that impact or will impact telecommunications operators, which are noted below.

NATIONAL REGULATORY BODIES WITH INTERVENTION IN NOS' ACTIVITIES

SECTOR SCOPE		
Telecommunications National Communications Authority - ANACOM	**Television Services and Audiovisual Content** Portuguese Regulatory Authority for the Media - ERC	**ASF** Insurance and Pension Funds Supervisory Authority
ANACOM – Autoridade Nacional de Comunicações	ERC – Entidade Reguladora para a Comunicação Social	ASF – Autoridade de Supervisão de Seguros e Fundos de Pensões
TRANSVERSAL SCOPE		
Competition Authority | ADC	**National Data Protection Commission** | CNPD	
Autoridade da Concorrência	Comissão Nacional de Proteção de Dados	

NET NEUTRALITY: BEREC GUIDELINES

BEREC (Body of European Regulators for Electronic Communications) has published amendments to the guidelines (LdO) on the implementation of the Net Neutrality Regulation, prohibiting application non-agnostic zero-rating offers.

In this sense, it is no longer possible for offers to include differentiated and/or free plafond (zero rating) for a subset of applications, to the extent that this possibility is not limited to technical traffic management practices, but also includes commercial practices such as price differentiation.

The proposed changes follow the Decision of the Court of Justice of the European Union (CJEU) of 2021, which declared that this type of offer does not comply with the Net Neutrality Regulation, since there is discrimination in the accounting of traffic for the purposes of the general plafond.

No transition period was established for changes to the zero rating offers currently available, leaving the decision on the setting of these deadlines to the national regulators. In Portugal, after public consultation, ANACOM's final decision is pending.

ORAC AND ORAP PRICE REVIEW

ANACOM has decided to lower the monthly prices of the ducts reference access offerings (ORAC) and poles reference access offerings (ORAP). According to the decision, the maximum monthly prices of ORAC have been reduced by 35%, while for ORAP the reference is a 20% reduction.

The price reduction was implemented retroactively from February 15th, 2022.

COVERAGE OF WHITE AREAS IN PORTUGAL WITH NEXT GENERATION NETWORKS

2022 was marked by some progress in the discussion on the coverage of white areas in Portugal, namely with very high-capacity fixed networks (i.e., those where there is no coverage of very high-capacity fixed networks).

In the first half of the year, in May, ANACOM released the public consultation report on this type of coverage in white zones. This consultation was carried out following a request from the government to collect contributions from interested parties on matters associated with the identification and designation of "white areas" and on the options to be adopted regarding the development of this type of networks in these areas, using public funding.

In October, ANACOM submitted to public consultation the relevant documents associated with the future tender for coverage of white areas with high-speed networks, namely the methodology, the tender program and the specifications associated with it. The consultation has now ended, and a decision is pending, with NOS expecting the tender to take place by the first half of 2023.

NEW ELECTRONIC COMMUNICATIONS LAW

In August 2022, the amendment to the Electronic Communications Law (ECL) was published, which transposes the Community Directive establishing the European Electronic Communications Code (EECC), with entry into force on 14th November of most of the measures provided for therein.

The review of the ECL includes a set of new provisions associated with the regulatory framework applicable to the sector, with emphasis on issues related to user rights, such as the specification of special situations in which the operator must grant early termination of the contract without charge to the customer, or allow the temporary suspension of the contract, as well as questions regarding the loyalty period.

In addition to issues related to user rights, the new ECL introduces changes regarding Universal Service, spectrum management, mobile infrastructure sharing and national roaming, security, co-investment, and symmetric regulation.

ANACOM DECISIONS REGARDING THE ALLOCATION OF NEW FREQUENCY BANDS: 1500 MHZ AND 26 GHZ

During 2022, ANACOM launched a public consultation on the allocation of the 1500MHz and 26GHz frequency bands, seeking to ascertain the market's interest in them.

Based on the comments presented, ANACOM understood that the allocation of the 1500MHz and 26GHz bands will not be a priority in the short term. Consequently, the regulator will consult the market in the future to conclude whether there has been a change in interest in these bands.

SECURITY AUDIT OF ELECTRONIC COMMUNICATIONS NETWORKS AND SERVICES

Since 2019, NOS has been under the provisions of the Regulation on the security and integrity of electronic communications networks and services, Regulation No. 303/2019, under which it is subject to a regular audit process by an external entity. In 2022, ANACOM concluded and approved the process

relating to the first security audit of the networks and services provided by NOS, within the scope of this regulation (consult more information in "A resilient, reliable and available system").

DECREE-LAW ESTABLISHING THE RULES APPLICABLE TO THE FIXED AND MOBILE NETWORKS COVERAGE PLATFORM

Decree-Law 40/12 establishes the rules applicable to the implementation of the coverage information platform for fixed and mobile networks, which will allow the disclosure of information to the public on the coverage of this type of networks.

ANACOM will be responsible for the platform and for presenting a proposal for the technical specifications, while the operators are responsible for uploading the information, which includes the coverage of fixed and mobile networks, coverage via satellite as well as an representation of the integral route of the transport network and access network, and an representation of the maritime route of submarine cables.

FAIR CONTRIBUTION DEBATE

The year 2022 was marked by a heated debate around the possibility of imposing direct compensation to operators of electronic communications services by OTTs/Big Tech, to finance networks.

The most recent interventions by members of the European Commission indicate the recognition of the existence of market failures that must be addressed in order to promote a more proportional and fair investment in electronic communications networks. As in other European countries, in Portugal, more than half of the traffic is routed through the large OTT networks, most of which corresponds to video streaming traffic, with strong demands on network performance.

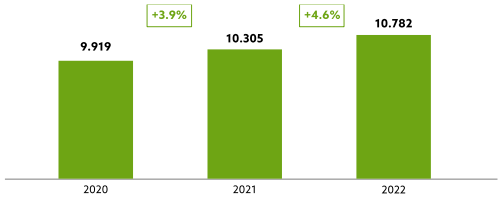
OTTs benefit from the investment effort made by operators in networks and digital infrastructures, and in Portugal this effort is evident when one observes that the coverage of very high-capacity fixed networks exceeds 90% (average 60% EU) and 5G network coverage reaches 75% (average 66% EU).

In line with the EC declarations, a new legislative package called the "Connectivity Infrastructure Act" is being prepared, which presupposes the definition of a process for the contribution of Big Tech to the financing of 5G networks, being anticipated, according to statements by Commissioner Breton, that a public consultation may take place in 2023.

3.1.2. Operating and Financial Results

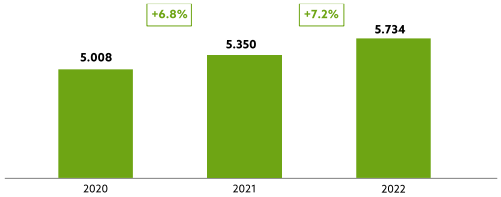
5G Leadership strategy drives historical RGUs growth, with the quality of the NOS mobile network distinguished numerous times by external entities and customers as the best mobile network in Portugal

Total RGUs (Millions)



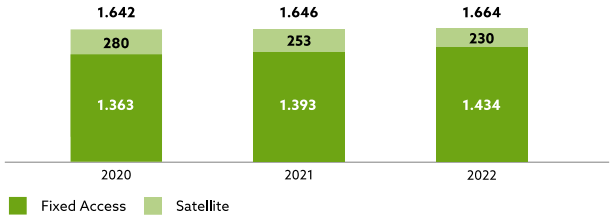
In the year of record investment due to the accelerated deployment strategy of the 5G network, NOS achieved positive growth in operational terms, increasing to 10.782 million services provided at the end of 2022, which represents a growth of 4.6% compared to the end of 2021, with a total of 487 thousand net additions.

Mobile Subscribers (Millions)



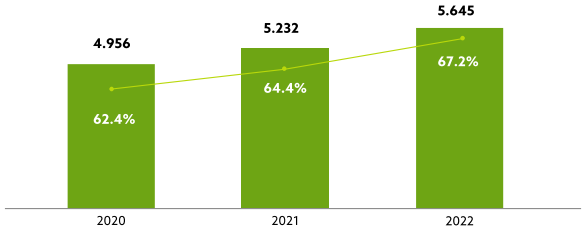
The growth of mobile subscribers, with net additions of 384 thousand services for a total of 5.734 million, at the end of 2022 largely explains the strong growth of RGUs during the year of 2022. It should be noted that more than 86% of registered net additions of mobile subscribers were post-paid services, with 331 thousand net additions. Total post-paid net additions represent the best performance since 2015.

Pay-Tv (Millions)



In the Pay-Tv segment, 19 thousand net additions were recorded, thus reaching a total of 1.664 million customers. The increase in the customer base is explained by net additions of 42 thousand fixed access customers, more than offsetting the negative trend in satellite customers, with net losses of 23 thousand customers.

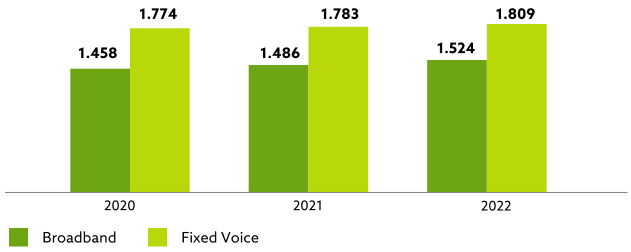
Convergent RGUs, % Fixed Access Customers (Millions, %)



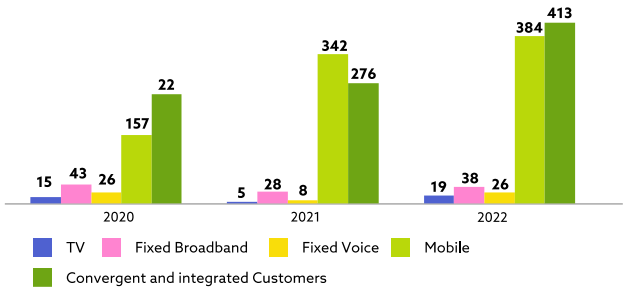
Convergent and integrated services achieved penetration of 67.2% of fixed access customers, an increase of 2.8% compared to 2021. Total convergent and integrated customers increased by 6.7% to 1.089 million, with an average subscription of 5.2 services per customer, making a total of 5.645 million convergent RGUs. The positive trend in the penetration of convergent and integrated services also helps to explain the net increases and the good performance achieved in the subscription of mobile and Pay-Tv services.

Broadband and Fixed Voice RGUs also registered a positive performance with net adds of 37.7 thousand and 10.4 thousand, respectively, in 2022, as these services are typically subscribed as an integral part of convergent and integrated bundles.

Broadband and Fixed Voice Subscribers (Millions)



Net Additions (Millions)



The continuous improvement of the offers provided by NOS has resulted, in 2022, in the increase in the number of services hired by customers and also contributed to a slight increase in Fixed Residential ARPU, by 1.4%, to 48.0 euros. It should be highlighted, in the mix of average revenues, the increased contribution from the sale of equipment, resulting from the growing demand of consumers for the latest generation equipment and also from the additional revenues obtained with the subscription of premium channels, namely sports.

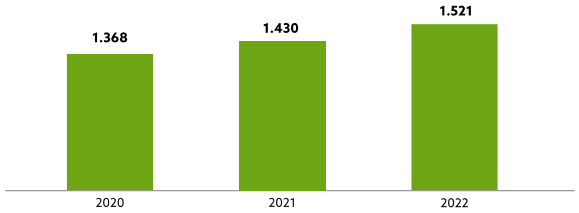
VERY SOLID FINANCIAL PERFORMANCE, REFLECTING GOOD OPERATING RESULTS

Operating Revenue

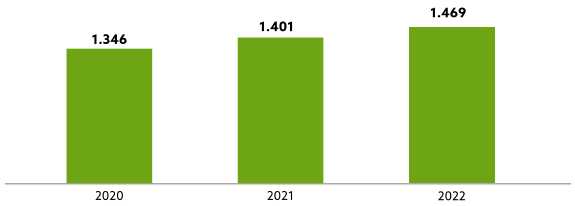
In 2022, Operating Revenues registered a positive variation of 6.3% compared to the same period of the previous year, to 1,521 million euros, which compares with 1,430 million euros, in 2021.The solid performance in the core Telecommunications business, as well as the continued post-pandemic recovery of the Audiovisuals & Cinema business, explain the increase in the group's operating revenues in 2022.

The telecommunications business recorded a 4.8% increase in revenues to 1,469.2 million euros, and the Audiovisuals & Cinema business recovered compared to 2021, with a 33.7% increase in revenues to 89.6 million euros, still lower than the figures obtained in pre-pandemic years.

Operating Revenue (Millions of euros)



Telco Revenues (Millions of euros)

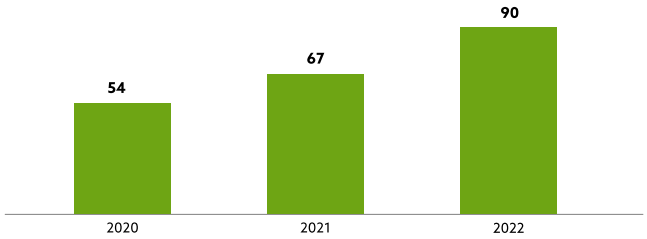


The positive trend in the Telecommunications business was transversal. The consumer segment increased revenues by 3.1% compared to 2021, with the increase in the number of customers and revenues from the sale of terminal equipment explaining most of the evolution. Revenues in the corporate segment increased by 6.3% to 336.5 million euros, driven by the 4.6% growth in customer revenues. Adjusting for revenues from integrated IT consulting projects, which typically entail a reduced margin, revenues from this business segment grew 3.7%. The remaining telecommunications revenues of "Wholesale and Others", which represent less than 10% of revenues in the Telecommunications business, grew by 19.8% to 99.3 million euros, driven essentially by operator, roaming and value-added call (MCS) revenues).

The Audiovisuals & Cinema segment continues the positive trajectory of revenue recovery compared to pre-pandemic figures, with an increase of 33.7% compared to 2021, to 89.6 million euros. The premiere

of blockbusters during the year, as well as the end of restrictions due to the pandemic in cinemas, contributed to the recovery of ticket sales compared to 2021, by 81.4%, with all quarters registering positive trends. The last quarter of 2022 saw the most significant recovery, compared to 2019 figures, before the pandemic, with December being the closest month to reaching 2019 ticket sales, lower by just 8%. The positive trend is explained by the release of blockbusters, such as "Avatar – The way to the water" or "Black Panther: Wakanda forever", again attracting large numbers of spectators to the cinemas. Individually, revenues from the Cinemas segment recovered by 93.4% and audiovisuals by 4.4% compared to 2021 figures.

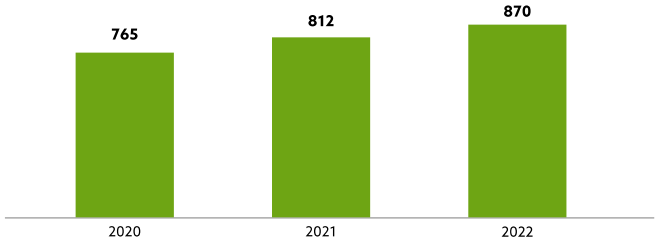
Cinema and Audiovisual revenues (Millions of euros)



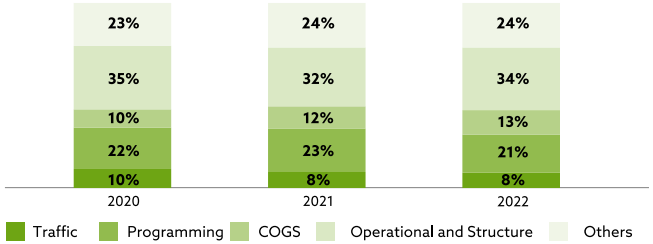
OPEX and EBITDA

Operating costs increased by approximately 7.1% to 869.9 million euros; an increase greater than that recorded essentially by global inflationary pressures. It was possible to mitigate, to a certain extent, this generalized price pressure with continued optimization efforts and operational transformation.

Total OPEX (Millions of euros)



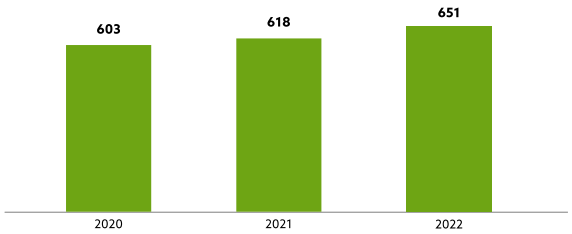
Total OPEX Breakdown (%)



Specifically, regarding electricity costs, NOS has fixed in 2020 the price of approximately one third of its consumption through a long-term power purchase agreement (PPA) agreed in 2021, long before the current energy crisis, which provided for the construction of a wind farm in the Iberian Peninsula, injecting new renewable electricity into the grid. Of the remaining electricity needs, NOS is supplied alternately on the regulated market with controlled prices or on the spot market, depending on the price level at the time. Global inflationary pressure also impacted some of NOS' operating and structural costs, registering an increase of 12.5% compared to the 2021 period, with an increase in supply and external

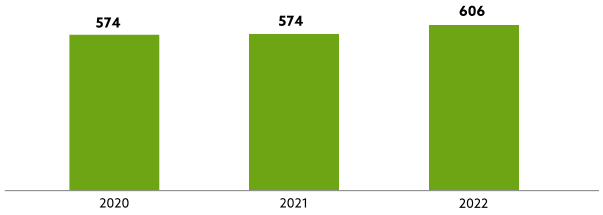
services costs by more than 40%. The cost of goods sold was also negatively impacted due to the macroeconomic context, with an increase of more than 14% compared to 2021.The cost of consulting and IT projects increased considerably during 2021, as a result of the greater number of contracts obtained in the corporate segment during 2022. Through the digitization and digital emancipation program it was possible to reduce some cost items, such as those associated with customer care, which, due to the improvement in the customer experience, recorded a significant reduction in interactions.

Consolidated EBITDA (Millions of euros)



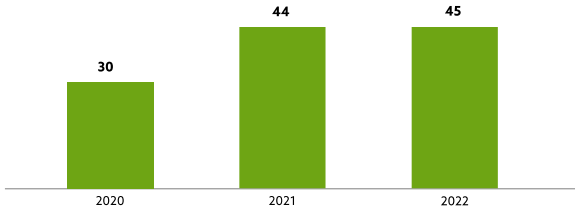
Consolidated EBITDA registered an increase of 5.4%, compared to the same period of the previous year, to 651.1 million euros, with a slight reduction in the EBITDA margin due to the higher OPEX growth rate than that of Revenues, in particular in the Audiovisual and Cinema segments.

Telco EBITDA (Millions of euros)



EBITDA from the Telecommunications business increased by 5.5% to 606.0 million euros, with an increase of 0.2 percentage points in the EBITDA margin to 41.2%. The positive trend is leveraged in the improvement of operating figures combined with the efficiencies generated by the process of operational improvements and internal efficiencies.

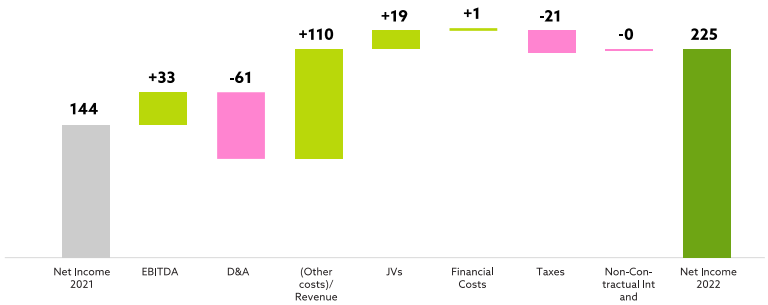
Audiovisual & Cinema EBITDA (Millions of euros)



Net income

Net Income in 2022, excluding gains from the tower transaction with Cellnex, was 138.5 million euros, 4.0% lower than in 2021. With the inclusion of capital gains obtained from tower transaction with Cellnex, Net Income increased by 55.8% to 224.6 million euros. This capital gain resulted from the sale of a portfolio of towers to Cellnex announced in April 2022, and as part of the long-term partnership announced in April 2020. In the transaction conducted in 2022, the capital gain amounted to 101.6 million euros, of which 74.7 million euros were recorded in 3Q22 and the remaining 26 million euros in 4Q22.

Net Income evolution ((2021-2022) (Millions of euros)

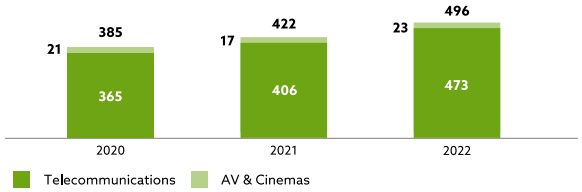


Analysing the evolution of the Consolidated Net Income, excluding the gains from the transaction with Cellnex, the positive contribution of EBITDA to the growth of results in 2022, was not enough to offset the impact of the 14.7% increase in depreciation and amortization, to 480.9 million euros, partly explained by the shortened useful life of the terminal equipment installed at customers' homes by and the high investment. The Result of Associated Companies contributed positively by 22.1 million euros vs. 4 million in 2021, mainly due to the contribution of ZAP, benefiting from the positive operational momentum and the exchange rate context. Financial costs decreased by 3.8% to 35.2 million euros. The provision for income tax, in 2022, increased to 32.7 million euros, an amount higher than in 2021 by 21 million euros, explained by the higher level of Pre-Tax Income generated by the capital gain with Cellnex and also by the lower amount of tax incentives compared to the previous year. The effective tax rate amounted to 12.7%.

CAPEX

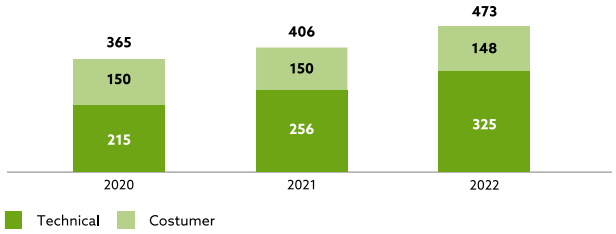
The group's Total CAPEX reached its peak in 2022, increasing by 2.6% to 625.8 million euros. Excluding Leases, Other Contractual Rights and 5G, CAPEX amounted to 495.9 million euros, 17.4% higher than in 2021. Telecommunications CAPEX increased by 16.6% to 473.1 million euros, thus increasing the level of investment measured against telecommunications revenues to 32.2%, vs 28.9% in 2021.

Total CAPEX Excluding Leases, spectrum license and Other Contractual Rights (Millions of euros)

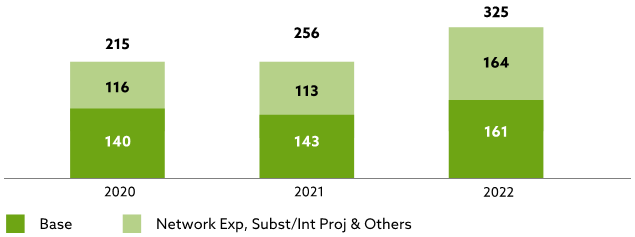


Telecommunications technical CAPEX increased by 27.3% compared to 2022, to a total of 325.2 million euros, given that, due to the 5G leadership strategy, the increase comes mainly from the network expansion CAPEX, with an increase of more than 45% to 163.9 million euros. The technical investment also includes the ongoing FttH network expansion program, with NOS already having more than 63% of its Gigabit fixed network covered with FttH. Customer CAPEX was marginally lower compared to the previous year, showing a decrease of 1.5% compared to 2021. Despite the fact that NOS is registering historically low levels of customer churn rate, with the consequent positive impact on commercial investments, the effort it has been making to install state-of-the-art equipment at customers' homes has led to total customer investment remaining at levels relatively close to those of the previous year, just 1.4% lower.

Telecommunications CAPEX (Millions of euros)



Telco Technical CAPEX (Millions of euros)

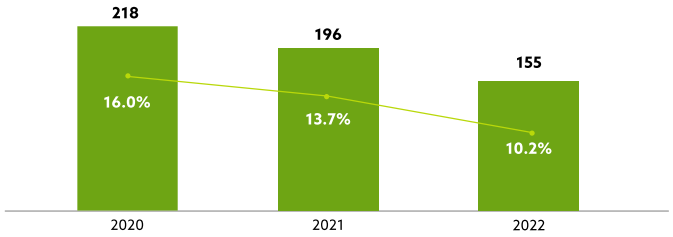


CAPEX in the Audiovisuals and Film Exhibition area increased by 37.2% to 22.9 million euros, due to the operational recovery of the film exhibition.

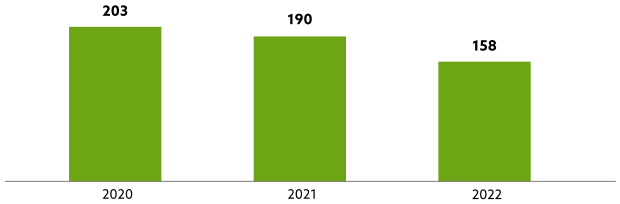
Free Cash Flow

EBITDA – CAPEX decreased by 20.7% to 155.1 million euros, with a CAPEX increase of 17.4% in 2022, largely surpassing the 5.4% increase in EBITDA. The leasing item increased by 4.3% in 2022, to 103.3 million euros, as a result of the sale of mobile sites to Cellnex, now contracted through leasing contracts, with annual increases capped at 2%. Interest Paid and Other Financial Charges decreased by 3.7% to 10.5 million euros. Operating Cash Flow thus recorded a drop of 39.7%, compared to 2021, to 54.7 million euros.

EBITDA-CAPEX, % of Operating Revenues (Millions of euros) %)

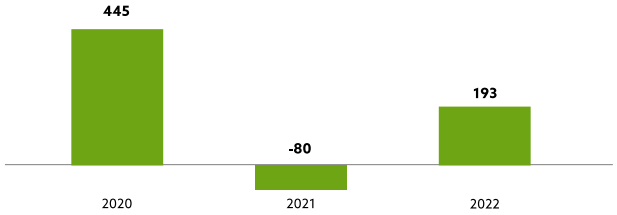


Operating Cash Flow Excluding Leases (Millions of euros)

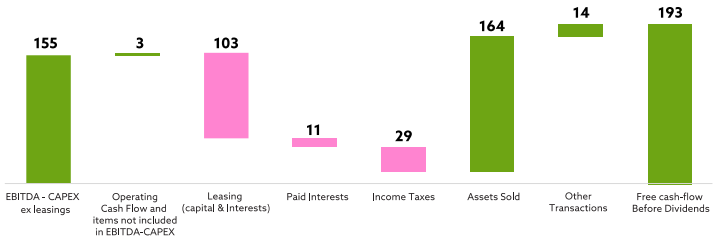


In 2022, NOS announced the monetization of up to 350 additional mobile towers with Cellnex (in the context of a global agreement originally announced in 2020), having received, in 2022, a financial contribution of 163.3 million euros. The transaction was carried out in two stages, generating cash inflows of 118.3 million euros in 3Q22 and 44.9 million euros in 4Q22. Due to this transaction, NOS also recorded in "other transactions" the VAT collection of 27.2 million euros in 3Q22 (paid to the tax authorities in 4Q22) and 10.3 million euros in 4Q22 (to be paid at the beginning of 2023). Adding up all the impacts, the Free Cash Flow before Dividends, Financial Investments and Acquisition of Own Shares, recorded a total amount of 193.2 million euros.

Total Free Cash Flow Before Dividends, Financial Investments and Acquisition of Own Shares (Millions of euros)



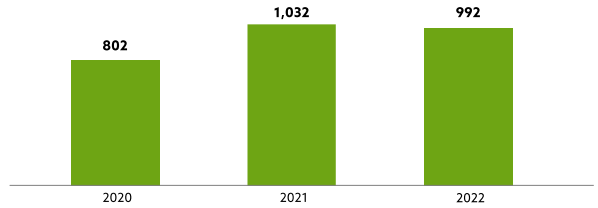
Total Free Cash Flow Before Dividends, Financial Investments and Acquisition of Own Shares – Waterfall (Millions of Euros)



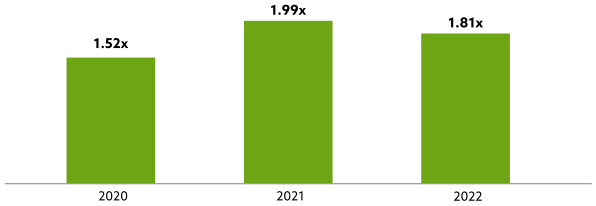
Capital structure

Total Net Debt, including Leases and Long-Term Contracts (according to IFRS16) recorded, at the end of 2022, an amount of 1,622.4 million euros, 3.6% higher than the same period of the previous year. Total Financial Debt decreased by 3.4%, compared to 2021, to a total of 1,007.4 million euros, and the position of Cash and Equivalents in the Consolidated Balance Sheet on 31 December 2022, amounted to 15.2 million euros, so that the Net Financial Debt, for 31 December, stood at 992.2 million euros. At the end of 2022, NOS still had 307.5 million euros in unissued commercial paper programs.

Net Financial Debt (Millions of euros)

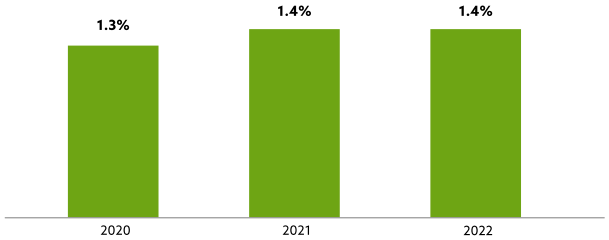


Net Financial Debt/EBITDA After Leasing (Millions of euros)



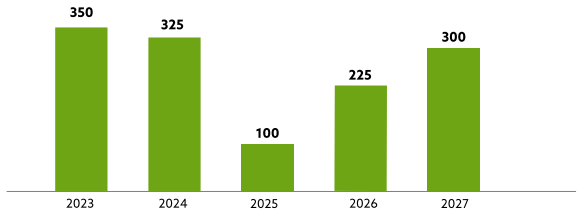
The all-in average cost of debt, adjusted to consider the interest rate for coverage contracted in May, stood at 1.4% in 2022, which is in line with that verified in 2021 (1.4%). The Net Financial Debt/EBITDA After Leasing ratio now amounts to 1.8x, slightly below the leverage ratio target of around 2x Net Financial Debt/EBITDA After Leasings, which represents a solid and conservative capital structure, which NOS is committed to maintaining.

Average Cost of Debt (%)



The average debt maturity at the end of 2022 was 2.2 years, in line with the same indicator in 2021 (2.2 years). Considering the loans issued at a fixed rate and the interest rate hedging operations in force, as of 31 December 2022, 62% of the debt issued by NOS was remunerated at a fixed rate.

Debt Maturity Breakdown (Millions of euros)



In January 2023, NOS contracted 650 million euros in bank loans, indexed to sustainability objectives, divided between bond loans and commercial paper programs, maturing in 2028, with five financial institutions – Banco BPI, Banco Sabadell – Branch in Portugal, Banco Santander Totta, Caixa Geral de Depósitos and Millennium bcp. These bank loans are intended to anticipate all refinancing needs for 2023 and are covered by the NOS Sustainability-Linked Financing Framework, which was the subject of a Second Party Opinion by Standard and Poor's (both published in February 2022, and available on the NOS website). The new lines are thus indexed to the objective of reducing greenhouse gas emissions from the own operation (scope 1 and 2 emissions) by at least 80% by 2025, compared to 2019.

With these operations, NOS consolidates the link between its cost of financing and its performance in terms of sustainability, strengthening and reflecting its strategic relevance and the commitment, at all levels of the Organization, to achieving best -in-class goals on ESG indicators (Environmental, Social and Governance. These Funding lines make a positive contribution to maintaining NOS' average cost of debt at competitive levels, against its national and European counterparts, as well as to lengthen maturities. After the contracting of these operations and the repayment of the 300-million-euro bond issue due next May, NOS will have around 70% of its contracted debt associated with Sustainability indicators and targets.

NOS' long-term credit rating was reaffirmed by S&P at BBB- (Stable Outlook) in June, and by Fitch at BBB (Stable Outlook) in August. The maintenance of its rating score allows NOS to strengthen the conditions to continue to diversify its funding sources, expand the average maturity of its debt and maintain the already low average cost of its debt.

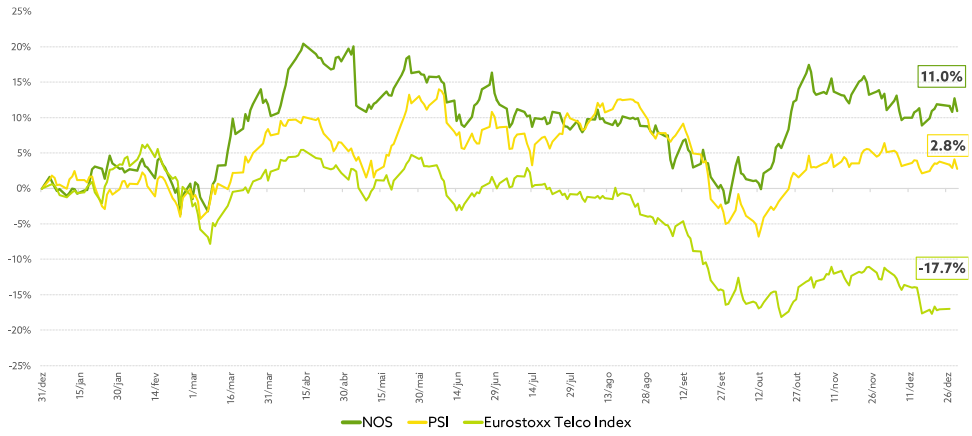
3.1.3. Shareholder Return

NOS SGPS – 2022 Performance

In 2022, NOS shares ended the year with a stock market price of €3.784, having appreciated 11.0% compared to the end of 2021. Total shareholder return, combining the share appreciation with the dividends paid, was 19.1%. In 2022, the dividend paid amounted to €0.278, representing a dividend yield of 8.1% (on the date of announcement of the dividend proposal to be approved at the General Shareholders' Meeting). Throughout the year, the share price fluctuated between a minimum of €3.204 and a maximum of €4.120.

On December 31st, 2022, the market capitalization of NOS was €1,949 billion, which represents an increase of €192.7 million compared to the amount of December 31st, 2021 (of €1,733 billion). Market capitalization is calculated considering the 515,161,380 shares admitted to trading on the capital markets.

The evolution of the market performance of NOS shares against the PSI and Euro Stoxx Telco Index during the year 2022 is shown in the chart below:



Analyst Coverage

NOS SGPS was monitored by 19 analysts from different research teams, during 2022, an increase of 2 analysts compared to 2021, demonstrating the capital market's interest in NOS. At the time of this report, according to the latest research notes published by each analyst, 28% recommended buying, 61% recommended holding and finally 17% recommended selling. The Consensus target price according to the aforementioned notes is €3.89, which represents a potential appreciation of 5.0% compared to the target price on December 31st, 2021.

All the analysts who cover NOS SGPS, as well as their recommendations on the target price, can be found on our website, and all analysts' estimates are based solely on analysis by independent financial analysts. Any opinion, estimate, projection or forecast presented by these analysts, regarding NOS' performance, only reflects their own interpretation, not representing the opinion, estimate, projection or forecast of NOS or its management team.

PROPOSED DISTRIBUTION OF PROFIT

Considering:

The net profit for the financial year ended 31 December 2022, in the individual financial statements, amounted to EUR 66,868,204.30, which reflects that the Company has allocated EUR 1,467,048 to the Executive Directors, as per the profit sharing policy outlined in Article 14(3) of the Company's Articles of Association and in accordance with the applicable accounting rules;

The Board of Directors proposes that:

1. Of the net profit of EUR 66,868,204.30, distributable under articles 32 and 33 of the Portuguese Companies Code, and given the current financial and equity position of the Company, an amount of EUR 3,343,410.22 be transferred to Legal Reserves, and that the remainder be paid to shareholders, plus EUR 79,690,069.56 from Free Reserves, as ordinary dividends for 2022, of EUR 143,214,863.64 (equivalent to EUR 0.278 per share);
2. Considering the sale of mobile sites executed in 2022 and the correspondent extraordinary gains and cash in, and given the current financial and equity position of the Company, that an amount of 78,304,529.76 EUR be paid to shareholders, from Free Reserves as extraordinary dividends for 2022 (equivalent to EUR 0.152 per share);
3. As it is not possible to determine precisely how many own shares will be held on the payment date, and as noted in the previous paragraphs, the total amount of EUR 221,519,393.40 calculated using the unit amount per issued share (EUR 0.43 per share) be distributed as dividends according to the following:

    a) The amount of EUR 0.43 be paid per share, as stated in this proposal;

    b) Any amount not paid out on the first day of the payment period, mentioned above, and which pertain to the Company's own shares, will be transferred to Free Reserves.

4. An amount of EUR 1,467,048 will be allocated to the Executive Directors, as per the profit sharing policy outlined in Article 14(3) of the Company's Articles of Association.

Lisbon, 7 March 2023

THE BOARD OF DIRECTORS

3.2. Value for Customers and for a More Evolved Society

We expand state-of-the-art networks and new digital possibilities at the service of our customers and country

3.2.1. Leading the 5G technology wave and expanding its potential

NOS' leadership in 5G allows us to deliver more value to customers and the country, paving the way for greater connectivity, innovation, competitiveness, and sustainability. It is a key element in strengthening the connection with our customers and translates into greater relevance for families, companies, and regions. We are, and will continue, to challenge and support society to evolve with this technology, with the mission, in this domain, to expand its full potential.

Fulfilment of our 5G leadership strategic plan

NOS was not only the company that invested the most in the 5G auction, but also launched the 5G technology on the same day it obtained the licenses, having been the first national operator to provide the 5G network to its customers and to have the greatest 5G international roaming coverage[26].

NOS' commitment and ability to deliver implied an investment that began long before the auction. It continued, with determination, during its long duration, with NOS managing to acquire the largest volume of spectrum, according to the defined rules, providing unique base conditions for the intended 5G leadership in Portugal. A widely used potential, with the year 2022 representing a very decisive contribution to the realization of the path laid out, reflected in the coverage, quality, and speed of the NOS network[27]. Roughly a year after the conclusion of the auction, at the end of October 2021, the NOS 5G network already covered, at the end of November 2022, more than 87% of the Portuguese population, with more than 5840 antennas installed, constituting the largest 5G network nationwide, and, according to data from Ookla®[28] (global leader in fixed and mobile network test applications, data and analysis), had a speed 30% higher than the national average, decisively contributing to placing

(26) In January 2022 roaming was already available in 45 countries in Europe, America, and Asia (https://www.nos.pt/institucional/PT/media/Paginas/Comunicados-de-Imprensa-2022/NOS-ja-tem- Roaming-5G-in-45-countries.aspx)

(27) See information on the coverage and speed of the NOS 5G network in "3.1.9 Leadership in next generation networks" in this report

(28) https://www.speedtest.net/awards/portugal/2022/?award_type=5g&time_period=q1-q2

Portugal in the top 10 of the European Union in terms of 5G, and constituting an asset of widely recognized and innovative value.

Portugal in the top 10 of the European Union in 5G coverage

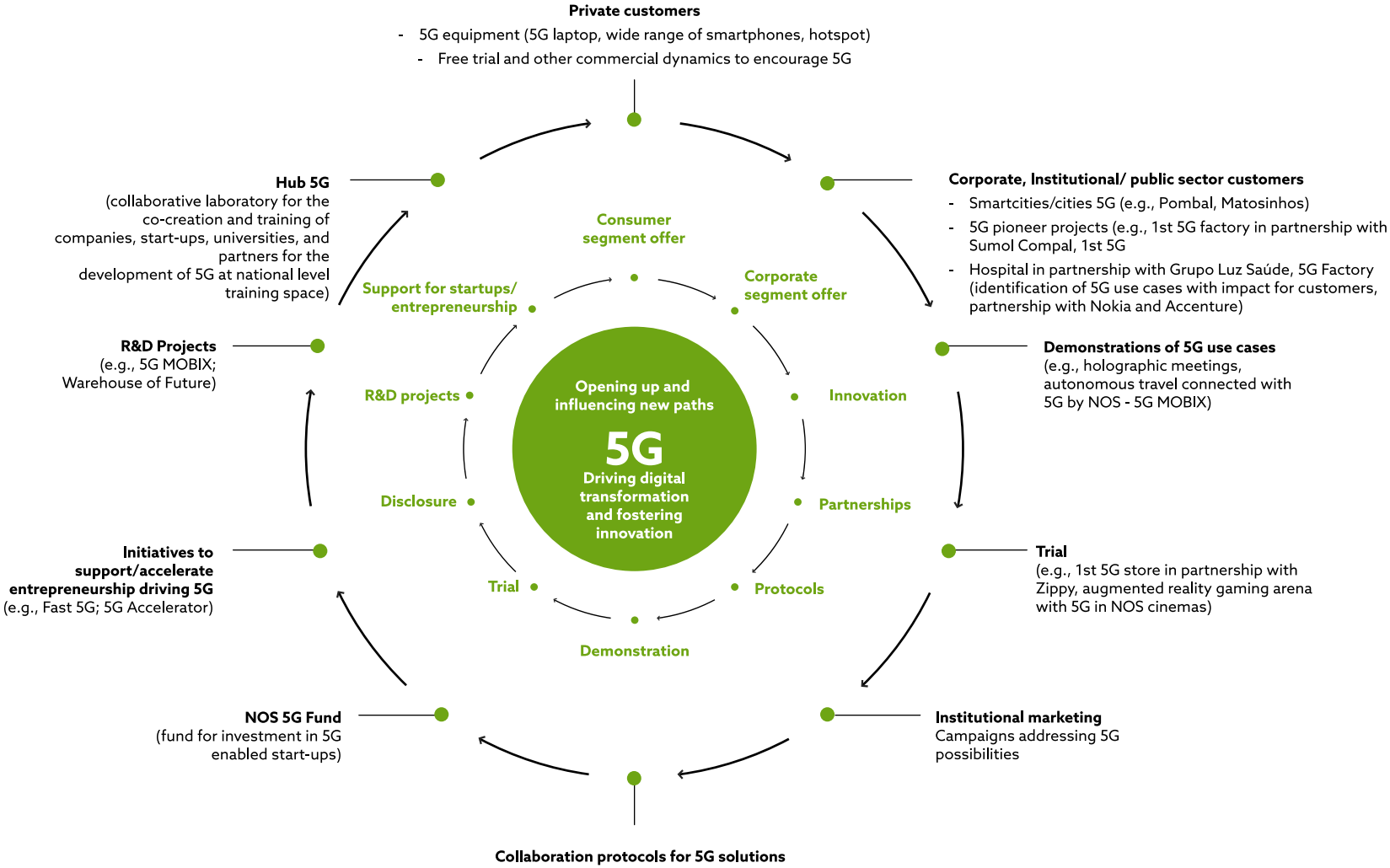
With the particularly decisive contribution of NOS, and the commitment of the other national historic operators, Portugal has already recovered most of the initial delay in the introduction of this technology dictated by an auction process that dragged on over time due to the model imposed by the regulator, and already stands out in the European landscape. According to the latest report from the European Commission's 5G Observatory[29] , in the third quarter of 2022, national coverage was already above the EU average (72%), and also had the 7th fastest 5G network, ahead of countries such as France, Germany or Spain.

CHALLENGE AND SUPPORT SOCIETY TO EVOLVE WITH 5G.

We want the whole of society to have access to and evolve with 5G. To this end, we act on several fronts, in concert and in a 360° integrated approach, to help our customers and society to explore all the potential of this new technology: from the offer for private customers, to the offer of corporate solutions, to the development of partnerships and projects to test and demonstrate use cases. With them, we inspire companies and society to explore the world of new digital possibilities that this technology allows, expanding the potential offered by the best mobile network in the country.

After having been a pioneer, in 2021, in the launch of the first smartphones and hotspots prepared for 5G, in 2022 NOS continued to invest and to be a pioneer in the offer of 5G equipment, increasing its scope. It also maintained the incentive for the free trial of 5G to all customers and other commercial incentive dynamics, with the aim of accelerating the adoption of this technology by consumers.

(29) Report published in October 2022 (QR-17-Final-v3-CLEAN.pdf (5gobservatory.eu))


Private customers
- 5G equipment (5G laptop, wide range of smartphones, hotspot)
- Free trial and other commercial dynamics to encourage 5G
Corporate, Institutional/ public sector customers
- Smartcities/cities 5G (e.g., Pombal, Matosinhos)
- 5G pioneer projects (e.g., 1st 5G factory in partnership with Sumol Compal, 1st 5G
- Hospital in partnership with Grupo Luz Saúde, 5G Factory (identification of 5G use cases with impact for customers, partnership with Nokia and Accenture)
Demonstrations of 5G use cases
(e.g., holographic meetings, autonomous travel connected with 5G by NOS - 5G MOBIX)
Trial
(e.g., 1st 5G store in partnership with Zippy, augmented reality gaming arena with 5G in NOS cinemas)
Institutional marketing
Campaigns addressing 5G possibilities
Collaboration protocols for 5G solutions
NOS 5G Fund
(fund for investment in 5G enabled start-ups)
Initiatives to support/accelerate entrepreneurship driving 5G
(e.g., Fast 5G; 5G Accelerator)
R&D Projects
(e.g., 5G MOBIX; Warehouse of Future)
Hub 5G
(collaborative laboratory for the co-creation and training of companies, start-ups, universities, and partners for the development of 5G at national level training space)
Consumer segment offer
Corporate segment offer
Innovation
Partnerships
Protocols
Demonstration
Trial
Disclosure
R&D projects
Support for startups/ entrepreneurship
Opening up and influencing new paths
5G
Driving digital transformation and fostering innovation

INCREASE IN THE SCOPE OF THE 5G EQUIPMENT OFFER
(consumer segment)

- **Comprehensive 5G smartphones portfolio**

We invested in a comprehensive 5G smartphones portfolio, with a pricing strategy to cover customers with different levels of purchasing power, allowing the democratization of this type of equipment. Currently, three out of four smartphones sold at NOS are already 5G.

- **Launch of the first 5G laptop in Portugal**
  NOS strengthened its equipment offer with the introduction of the Lenovo IdeaPad 5G, the first 5G laptop to reach the national market, initially available in pre-sale, since August 26th, 2022.

FREE TRIAL INCENTIVE AND OTHER COMMERCIAL DYNAMICS
(consumer segment)

Parallel to the expansion of the portfolio, we have implemented several commercial dynamics directly associated with the sale of 5G equipment, by associating this technology with the act of subscribing to a tariff, applying exclusive discounts and/or a value proposition reinforced with the mobile data offer, and leveraging on the NOS Customers Special Program which guarantees the Minimum Price. Seeking to bring 5G to everyone and encourage adoption, NOS encouraged the free trial of this technology from the first day it was made available and maintained, throughout 2022, 5G free to all customers.

Over the past two years, NOS has launched and joined a series of projects to explore and show the potential of 5G to its customers and in various areas of society, contributing to leveraging the country's digital transformation, given the central role of this technology as an enabler of other emerging technologies (AI, IoT, Big Data, etc.).

Aware that 5G is increasingly accessible in Portugal, due to the strong investment made by NOS, the company has continued to bet heavily on creating awareness and provide the necessary trial and demonstration for people and companies to understand, know and use the potential of this technology, challenging customers and society to new possibilities that represent improvements at the most diverse levels, from pure entertainment, to simplification and automation of processes, through operational efficiency, smart mobility, eco-efficiency, among countless other possibilities. After having launched, in 2021, the First Factory, the First School, the First Port or the First 5G Stadium, among many others, we remain committed to materializing and demonstrating this technology, which is why 2022 brought several new projects and pioneering use cases, such as the first 5G autonomous trip, the first 5G store, virtual tourist routes, or new holographic experiences.

PIONEERING 5G PROJECTS AND DEMONSTRATION INITIATIVES
(consumer and corporate segment)

- **First 5g autonomous trip**

The first trip, in Portugal, of autonomous driving and connected with 5G, in a real environment, took place on the Valença-Tui International Bridge, marking the completion of the European 5G-MOBIX project, which came to demonstrate the role of 5G in connected autonomous mobility.

During the demonstration, the autonomous shuttle found and passed obstacles, thanks to 5G connectivity. Faced with an obstruction on the route, the vehicle passed control to the traffic control centre, where a technician took over driving, remotely, using virtual reality glasses. In another case, a pedestrian who was in a blind spot was detected by a sensor installed on the bridge, which passed the information to the network and to the shuttle, preventing the collision. All information was transmitted, using Nokia technology, in real time, over the NOS 5G network, ensuring speed, low latency and communication reliability, essential to guarantee the safety and success of the trip.

- **Zippy - first 5G store**

NOS and Zippy teamed up to implement a technological solution based on 5G, which promises to revolutionize in-store customer experience.

With a dedicated 5G coverage, the Zippy shop of NorteShopping, in Porto, functioned as a smart-retail technological showcase. For four weeks, starting in March 2022, the shop's customers were able, through a Web App that uses Augmented Reality to produce 3D models of the products, to access the brand's catalogue and try out, virtually, some of the articles, including those that were not on display or were out of stock.

NOS and Zippy teamed up to implement a technological solution based on 5G, which promises to revolutionize the experience of customers in stores.

With dedicated 5G coverage, the Zippy Store in NorteShopping, in Porto, served as a smart retail technological showcase. For four weeks, starting in March 2022, the store's customers could, through a Web App that uses Augmented Reality to produce 3D models of the products, have access to the brand's catalogue and try on, virtually, some of the items, including those that were not on display or out of stock.

- **Hospital in Funchal receives NOS 5G solution for remote surgeries**

Since health is a structural sector of society and one of the areas where innovation powered by 5G will be truly transformative, NOS, in partnership with Johnson & Johnson MedTech (technological partner), implemented a remote support solution for Health professionals at Hospital Dr Nélio Mendonça, in Funchal, which is already fully covered by NOS' 5G network.

The remote assistance solution establishes a 4K high-definition video link between two healthcare professionals who are connected remotely. The system supporting the solution comprises two Vuzix smart glasses and two 5G hotspots equipped with 5G cards. This solution makes it possible to use specialized support at any time, reducing physical distances between professionals and allowing even greater monitoring of processes.

NOS is already working on new applications of the fifth generation of mobile communications in the health sector, with the implementation of solutions that use sensing for monitoring in home care, and remote healthcare solutions, for remote medical collaboration.

- **NOS 5G at Bodo festivities to mark Pombal as a 5G city and promote tourism in the region**

Climbing and paragliding in Serra de Sicó, visiting the Convent of Louriçal or taking a walk on Praia do Osso da Baleia are experiences that all those who have visited the centuries-old Bodo festivities, in July 2022, in Pombal, could do without having to leave the location.

The city took advantage of these festivities to promote tourism in the region, using Virtual Reality based on 5G, in an initiative that marked the presentation of Pombal 5G City, covered with the latest generation NOS mobile network.

The virtual routes, tested for the first time by the Minister of Culture during the event, are currently, after the event, used by the Municipality to promote tourism in the region throughout the country.

See more information about Pombal 5G in "3.5. We create value for the planet and for a more sustainable society" of this report, where we frame our intervention in the context of smart cities, due to the impact of 5G solutions on improving the quality of life of citizens and improving the efficiency and environmental impact of various urban management activities.

- **Holographic experiences**

International 5G holographic trip brings Top Gun Maverick director to Lisbon

NOS held, in May 2022, at the Alvaláxia cinema in Lisbon, the first international 5G holographic transmission in Portugal. The director of Top Gun: Maverick, Joseph Kosinski, was transported in a hologram from London to Lisbon, to participate in a press meeting regarding the release in Portugal of this film, which is so awaited by the public, distributed by NOS Audiovisuais. The NOS 5G speed, which reached more than 1 Gbps, combined with practically zero latency, allowed the audience to interact with the director in real time, as if he were there (1500 kilometres transposed in milliseconds). As a mobile technology, 5G has given the solution high operational flexibility, without the need for a fixed infrastructure, making the process simpler and faster.

Coates travels in hologram to inspire "Vianenses" young players

NOS used 5G to transport Sporting CP captain Sebastián Coates, in Hologram, from José Alvalade Stadium to Sporting Viana do Castelo Academy, to inspire a class of young football players with a surprise lecture that marked the beginning of the season. This technology allowed the player to interact in real time with 20 children almost 400 kilometres away, providing them with the unforgettable experience of knowing one of their idols.

Note: These operations involve state -of -the -art equipment and specialized partners such as Samsung or Musion (Specialist in Holograms).

- **NOS promotes 5G in the Azores with virtual visit in real time**

NOS marked the celebrations of its 30th anniversary in the Azores with a 5G innovation promotion session for the main entrepreneurs and decision makers of the archipelago. To this end, it organized an immersive visit, in virtual reality and real time, to the NOS HUB 5G, located almost 1500 kilometres away in Lisbon, to make known the potentialities of the new generation of mobile communications.

Overall, there were more than 20 people who visited the NOS HUB 5G in an immersive way, using virtual reality glasses and a robot equipped with a 360° camera, remotely controlled by the businessmen – all in real time thanks to 5G connectivity in both locations.

- **Unilabs central laboratory pioneer in the introduction of 5G in partnership with NOS**

Strengthening the technological and innovation partnership between NOS and Unilabs, this network of laboratories equipped its central laboratory with a 5G network, anticipating the digital revolution that the new generation of mobile communications enables. The technological solution based on 5G implemented by NOS increases the availability and resilience of the laboratory's communication service, allowing a more efficient response to the high flow of information processed by the Company.

The cooperation between NOS and Unilabs, on 5G, had already happened previously, when at the beginning of the Covid-19 pandemic, in March 2020, the 5G communications infrastructure installed by NOS in Matosinhos, the first 5G City in the country, had a key role in Unilabs Portugal's initiative to install the first testing centre for COVID-19 in a "drive-thru" model".

- **5G augmented reality gaming arena in NOS cinemas**

Two Augmented Reality (AR) arenas, supported by 5G, were available at the NOS Cinemas at Centro Vasco da Gama, in Lisbon, and Parque Nascente, in Rio Tinto, for all those who wanted to live an immersive game experience, which combines real elements with virtual ones, being able to try two games – Tiki King and Dungeon Masters.

Through a smartphone and thanks to the augmented reality technology on which the games are based, it is possible to see virtual objects in the real world, maintaining interaction between the various people in the game. 5G support allows the entire experience to run smoothly and with immediate reaction time from devices, so everything feels more real.

- **NOS Alive live broadcast through the NOS 5G network**

To bring the emotions of NOS Alive to more people, NOS, in partnership with RTP, set up an operation to broadcast the festival's most outstanding moments. Thanks to NOS' 5G resources - network, equipment, and technical teams, not only viewers could count on a live broadcast, but also have access to exclusive shots and images, backstage and on-stage scenes, for a more immersive and exclusive experience, allowing music enthusiasts to share live all the emotions and the most remarkable moments of the festival. One of the areas where 5G will have a significant impact will be broadcasting. The introduction of new mobile technology at the festival minimizes the need for technical resources, making the entire operation lighter and more sustainable.

Several of these demonstration and trial stimulus initiatives presented during 2022 resulted from projects developed within the scope of our offer for the corporate segment (e.g.), from established partnership protocols and RDI projects in which NOS is integrated, as is the case of Bodo festivities and other examples in the context of smart cities, Zippy, Hospital da Madeira, or the cross-border journey of 5G MOBIX. In these initiatives, in addition to technology exploration and demonstration, the most important thing is the development of new solutions and partnerships with companies that will be indispensable to the success of 5G as an ecosystem far beyond electronic communications.

In fact, enhancing digital transformation and encouraging innovation is a cross-cutting goal for NOS and the strategic bet includes, to a large extent, the development of initiatives and network projects, in a logic of co-creation and strengthening of the technological ecosystem, through RDI (Research, Development and Innovation) projects to encourage entrepreneurship and support start-ups. The leveraging of 5G technology has played a very key role in this dynamic in recent years, with a particularly relevant milestone being the launch, in 2019, of the NOS 5G Fund[30] and supports granted since then, totalling 5 start-ups supported by NOS, until the end of 2022. With the launch of the 5G Hub, in 2022, NOS created an innovation and co-creation centre, representing an investment of 1.8 million euros and which already has 34 5G projects and demonstrations and 33 solutions developed with around 17 partners, constituting a particularly relevant new milestone in supporting 5G innovation and entrepreneurship.

In addition, throughout 2022, other initiatives to support entrepreneurship were developed in partnership, such as Fast 5G or Business Safari 5G [31], as well as research and development projects, such as the Warehouse of Future or the aforementioned 5G Mobix.

(30) See more information in "3.5 We generate value for the planet and a more sustainable society" of this report.

(31) See more information in "3.5 We generate value for the planet and a more sustainable society" of this report.

ENHANCE DIGITAL TRANSFORMATION AND PROMOTE 5G-BASED INNOVATION

NOS Hub 5G

Inaugurated on the 4th of July 2022, the NOS Hub 5G is a collaborative and co-creation laboratory for the development of 5G nationwide. Representing an investment of 1.8 million euros, NOS' new 5G innovation centre was conceived as a space for ideation, experimentation, and technological transformation, in a clear embodiment of NOS' ambition and ability to lead the development of the fifth mobile generation.

It is a training space for companies, start-ups, universities, and partners, bringing together and providing the most advanced technical skills, teams, and resources. The project was born with the support of more than 20 partners, most of them technological, with Nokia and Accenture as founding partners, benefiting from the shared and complementary capabilities of the three organizations, and the transfer of knowledge and innovation from the global network of dozens of international innovation hubs. In the first months of activity, it already has 34 projects and 5G demonstrations, and more than 1,000 customers passed through the Hub for presentation, training, and ideation sessions.

5G Factory

The 5G Factory was developed, during 2022, in partnership with Nokia and Accenture, with the objectives of: (i) accelerating the identification of use-cases with an impact on our customers' operations; (ii) explore opportunities in co-creation with our customers; and (iii) create a Market Value Proposition to prove the value that solutions can have for business and strengthen NOS' position in the 5G transformation ecosystem.

R&D Project - Warehouse of Future

The Warehouse of Future (WoF) project is a 5G industry 4.0 project that explores the new paradigm of the Warehouse of the Future, based on the sensing of people, equipment, and components, as well as on automation and real-time management of stabilization, picking and material/component movement processes.

3.2.2. NOS, a strong brand

The NOS brand is one of our main assets and its reputation and performance simultaneously represent an unquestionable value for the Group, as a result of the marketing strategy followed, but also a reflection of everything we do with customers in mind and in favour of the digital society.

Its awareness of almost 100% and its permanent place in the Top 10 brands with the greatest advertising recall, demonstrate the unquestionable visibility and presence of the NOS brand in the daily lives of millions of Portuguese people and reflect the value perceived by customers and society.

THE USEFULNESS OF NOS

In 2022, NOS' purpose of "Bringing more life to life, expanding all possible and imaginary connections" was captured by several Brand campaigns developed throughout the year, demonstrating the usefulness and performance of its network, as well as the usefulness and capacity of the solutions it offers.

- **We have to talk about NOS**

This campaign, which achieved great awareness (TOP 3 of the most recalled campaigns in the sector), capitalized on the election, by DECO Proteste, of NOS mobile internet as the best in the country, (see "2.4.1 Recognitions" of this report), constituting an excellent argument to invite each person, customer or non-customer, to talk about NOS, and reconsidering and updating their perception of its quality – quality that in turn reflects the investment made by the Group in the respective upgrade and continuous improvement.

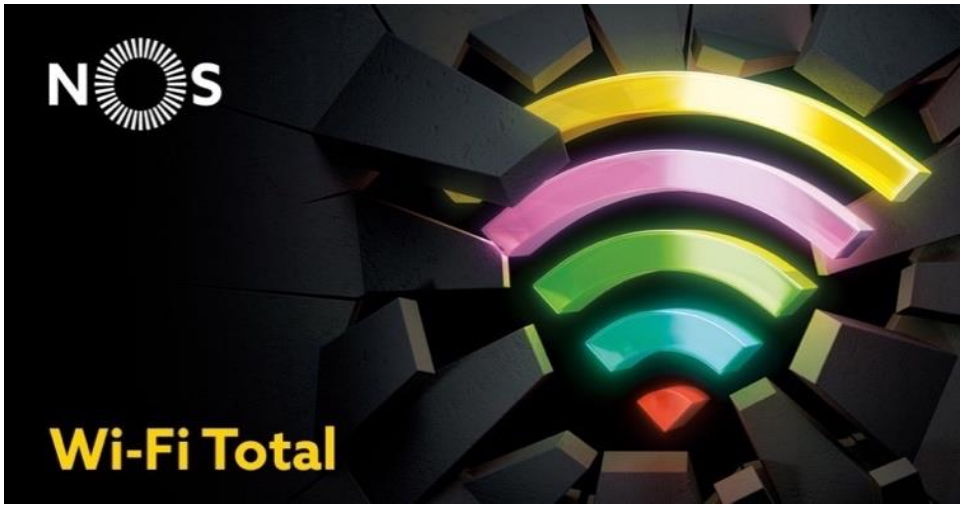
- **Every second counts**

With the motto "Every second counts", it was time to capitalize on Ookla's recognition of the quality and speed of the NOS 5G network (see "2.4.1. Recognitions" of this report), demonstrating, in practice, and in a close and empathetic way, the usefulness and difference that saving a few seconds can make (it allows a speed 10X higher than the previous mobile generation, making instant what used to take a few seconds).

- **A net that goes through walls**

Internet at home is increasingly important for the Portuguese: who accumulate remote work, entertainment on multiple screens, and operation of smart devices (IoT), within the same house and simultaneously, placing an increasing demand for connectivity, which is expected to be very fast in all rooms. But that implies several things: good, fixed network, a good router, but also a good Wi-Fi booster.

"Se a tua net não atravessa paredes, deixa isso para NOS" (If your net does not go through walls, leave it to NOS), was the motto to announce to the residential market the innovative NOS offer, Wi-Fi Total, which, besides being a product, is a service and a NOS commitment to rely on a Wi-Fi specialist to have the whole house connected with quality, based on a check-up and the respective recommendations.



- **Open the door to the new "Alarme Inteligente" (smart alarm)**

A publicity and usefulness demonstration campaign, disclosing a set of solutions developed in an area adjacent to the telecommunications business.

CUSTOMERS AT THE CENTER OF EMOTION

Campaigns were also launched with the aim of strengthening the choice and connection to the NOS brand amongst its customers

- **One Plus**

In 2022, NOS offered 3 free months of Disney Plus to its customers, marking the launch of the entertainment platform in Portugal and its integration into its NOS box. A way of valuing customer choice, breaking with the convention that the best is only for new customers.

- **Are you a NOS customer?**

After two years of absence, NOS Alive returned to "Passeio Marítimo de Algés". A long-awaited return that NOS celebrated with its customers, offering tickets, including sold-out days.

- **This Christmas give attention**

The Christmas Campaign combined the concept of demonstrating usefulness (the usefulness of the NOS purpose, associated with the connection between us all), to the importance of emotions and purposeful marketing, an aspect that aims to inspire society to adopt responsible behaviour.

"One in five people feel that they have no one to count on" according to the Gallup World Pool 2022. An alarming figure that called on NOS to act with purpose this Christmas. Loneliness is a silent epidemic, with great social impact and highly correlated with physical and mental health. A problem, in which the combat can, with clarity and legitimacy, be signalled by NOS, through the connectivity associated with the core of the activity.

The best way to fight loneliness is to pay attention. Each person has a circle of relationships where they can act and make all the difference. In the Christmas campaign, NOS sought to inspire a collective behaviour of greater connection, offering customers increased data, SMS, and calls until December 26th.

Brands have the power to bring issues into public discussion, the power to raise awareness, influence and inspire new behaviour. It is a transformative capacity that NOS is proud to enforce.

3.2.3. Optimize value creation for the consumer segment

Our main objective is to provide our customers with excellent products and services, anchored in a strong bet on innovation and digitalization of the offer, always oriented towards meeting their needs. In this sense, we also seek to create a broad and diversified value proposition, where the promotion of convergent added-value solutions plays an important role.

MOBILE OFFER STRENGTHENS UPWARD TRAJECTORY

The success that we recorded in the mobile business, in 2022, reflects the value that we create for our customers, as a result of our strategic bets. A value that, in 2022, was captured by a wide range of recognitions[32], both in terms of infrastructure (network) and offer, namely internet and TV, and perceived by the market, which allowed us to register a significant growth in commercial attraction capacity.

Indeed, in 2022, robust growth in services sold (RGUs) continued to be recorded, with mobile services, in particular post-paid, being the main contributors to this growth, attesting to the perception and acceptance, by the market, of the added value of the NOS convergent and integrated bundles.

Converged and Integrated Bundles
Subscription to NOS convergent and integrated bundles has continued to increase, with NOS residential customers subscribing to convergent bundles of fixed and mobile services. The bundles offer an incredibly competitive value proposition, due to the volume of traffic included, state-of-the-art speeds, more than 150 high-quality channels, linear and non-linear content, an integrated experience in a user ecosystem available on multiple devices and integrating all relevant OTT platforms.

WTF remained focused on growing in the youth segment, offering differentiation to its customers through new partnerships with brands valued by this target - 2022 was the year for WTF to associate with Adidas, Pizza Hut, and Taco Bell, with attractive discounts.

WOO app elected product of the year 2022
NOS' 100% digital brand addresses the low-cost market segment of the 21st century with a simple and digital matrix and is today based on 2 pillars, that of simplicity and that of customer autonomy. Through the App, the customer can make all the necessary interactions, and solve all their questions. WOO launched the first fully digital eSIM in Portugal, allowing subscription to a mobile tariff without the need for a physical SIM card.

NOS Kids, a mobile service designed and adapted to the needs of children and parents, with the aim of providing children with an user-friendly experience of safe access to the best content, with the guarantee of NOS Safe Net security (see "3.2.6. Safety in the Use of Our Products and Services" of this report) continued to be promoted during Children's moments such as Easter, Children's Day, Summer and Back to School, the big news being the launch of a campaign with the delivery of 6 experiences in the subscription to the annual Cool Kit (mobile phone pack with NOS Kids tariff).

(32) See "1.2 Recognitions" in this report and on the institutional page of our website

Internet is Key for residential customers

After 2 years marked by a technological and digital acceleration of society as a result of the pandemic, 2022 reinforced the idea of a "new normal" in the demanding and intensive use of fixed internet at home and a more widespread adoption of hybrid work models. In addition to the increase in the number of connected homes, the number of people and devices connected in each home continues on an upward trajectory, putting the quality of networks, customer connectivity equipment at home and cybersecurity services to the test.

In this sense, and to reinforce the internet experience of customers, in 2022 we expanded our portfolio of new generation routers to allow access to Wi-Fi 6 technology to any fixed internet customer with speeds of 1Gbps. We also continued to actively promote the renovation of customer equipment, increasing access to the latest technologies with a better experience.

We renewed our offer with the new "Wi-Fi Total", an innovative service in the Portuguese market that provides net throughout the house with a customizable solution for each customer. In addition to the latest Super Extenders with Adaptive Wi-Fi from Plume, the service also includes the installation and certification of the installation by a specialized technician, and the 24/7 constant support and optimization of the network, so that customers can count on the guidance and support of a NOS Wi-Fi specialist to ensure quality coverage throughout the home.

INNOVATION AND STRATEGIC BET ON TV EXPERIENCE

The multimedia content viewing ecosystem is constantly evolving and NOS follows market trends, remaining at the forefront in delivering a TV and multimedia experience to its customers. NOS operates in terms of selection and provision of premium content, by integrating the most famous and relevant international and national streaming services on UMA TV, as well as on the NOS TV App. While, at the application level, it constantly innovates to guarantee the best features, convenience, and simplicity, ensuring market leadership in TV and video experience.

In 2022, NOS was the first operator in the country to integrate Disney+ into its box (UMA TV), allowing its customers, in a simple and immediate way, to access the best Disney, Marvel, National Geographic, Pixar, Star Wars and Star+ content. The arrival of Disney+ at NOS in July was celebrated with the offer of monthly fees, encouraging subscription to NOS bundles converging with the commercial campaign: "Who is NOS, has one more Plus. It has 3 months of Disney+". In October, we launched three new national Apps on UMA TV: Panda+, Opto | SIC and TVI Player. In sports content, we strengthened our offer with the launch of the Sport TV Motors Pack, which allows to watch the best of motorsport, with a strong emphasis on Formula 1 and MotoGP competitions.

This year also featured the first edition of TVCine FEST, a festival promoted by Canals TVCine that celebrated the major television premieres in cinemas from north to south of the country. In September, for two days, it was possible to see for the first time on the big screen successful series and acclaimed films that were not exhibited in national cinemas, such as Estúdio 666, a film created and starring the rock band Foo Fighters. The proceeds were donated to "Casa do Artista", in an initiative with a strong support component for culture and artists.

On the application front, 2022 was also a year marked by pioneering spirit and innovation in the NOS TV App. In the context of mobility, the 'View in Group' feature was launched, allowing Customers to experience the emotions of television broadcasts simultaneously with friends and family, on a single screen, even at a distance. Once again, a novelty in the national market, and ahead of international trends.

When accessing the NOS TV App through large screens, namely through Apple TV and Android TV, the sports contents viewing became even easier with the "Match Highlights" feature. Any customer can access a live game and quickly review the main moments such as goals, penalties, VAR, or cards. It should be noted that both the NVIDIA Shield TV 4K, the Android experience at NOS, and the NOS TV App were highlighted as Products of the Year.

The business of selling equipment, smartphones, laptops, among others, continued to grow, focused on enabling customers to access the features and potential of 5G. (Also see "3.2.1 Leading the 5G technology wave and expanding its potential"). Allied to this purpose is the continued focus on NOS Customers Special Program which offers the Guaranteed Minimum Price, without any impact on loyalty conditions.

Having started to provide its customers with invoice, travel and new smartphone insurance in 2021, through NOS – Mediação de Seguros, S.A., in 2022 we strengthened the portfolio with the offer of used smartphone insurance. In order to optimize the experience, customers can subscribe and manage insurance completely digitally, through the NOS App and payment is integrated into the telecommunications invoice. Insurance for equipment and accessories makes the value proposition more robust when selling smartphones, which is also reflected in relevant cross-sell opportunities.

"NOS ALARME INTELIGENTE" (SMART ALARM): A DISRUPTIVE INVESTMENT FOR SAFE VALUE

We reinforced our commitment to innovation and customer experience, with the launch, in March 2022, of the "Alarme Inteligente NOS | Securitas" (Smart Alarm). NOS started to provide security solutions together with fixed and mobile communications and entertainment offers. These strategic bet aims to capture commercial and operational synergies with the telco operation, as well as create a disruptive value proposition, marking a new step by NOS in the pursuit of a value creation strategy in areas adjacent to telecommunications and entertainment, and contributing to strengthening the relationship with customers.

For the implementation of this new offer, NOS made a strategic partnership with Securitas Portugal, supplier of the alarm monitoring central station (CRA), supplier of the integrating platform. The entire product development operation (commercial, installation and maintenance, support, logistics, billing, etc.) is the responsibility of NOS, making it possible to capture synergies with the existing operation, namely the commercial and support network and to integrate with the ecosystem associated with our core services, from technology to billing. NOS security devices are based on state-of-the-art technology (digital touch panel and dual path wi-fi and 4g connection, power G encryption protocol, wireless sensors) and on growing integration with the home ecosystem, through the launch of video and automation solutions.

NOS Alarmes arises from a strategy of value creation in areas adjacent to telecommunications, through the development of complementary services that make it possible to take advantage of synergies with the operation and with partners, and deliver more comprehensive value to customers, in a simple and convenient way, integrated into an already existing and essentially digital-based ecosystem.

TARGETED ADVERTISING AND STRATEGIC BET ON PLAYCE

2022 was once again a year of growth for the Targeted Advertising business, with a continuous delivery of innovations with value to the market with the launch of new segmentations, adaptation of commercial tools and the continuation and strengthening of the platform's market positioning. Playce is an advertising and digital marketing platform, provided by NOS, and other operators, which presents a differentiating value proposition, in this field, namely through pre-roll. This is a new advertising format, consisting of a video of up to 30 seconds, shown before viewing a recording (automatic or manual) selected by the consumer on the set-top-box of their pay-tv service. More than 150 advertisers subscribed to this service in 2022, with around 650 campaigns, with an investment growth of 33% compared to the previous year.

3.2.4 Optimize value creation for the corporate segment

Being the partner for the digital transformation of national companies continues to define our positioning for the corporate segment, through value propositions that enhance the growth and evolution of companies, also guaranteeing their resilience and business continuity. We manage offers and provide a portfolio of telecommunications solutions and information technologies and data management, leveraged by our technological assets (with emphasis on 5G), by our internal skills and by world-renowned technological partners.

Positioning and focus areas that guide our approach to the corporate segment

In a path, which in 2022 was one of consolidation and growth, we continued to pursue initiatives that strengthen our position with companies, whether they are large companies and public institutions or small and medium-sized enterprises. We continued with the work carried out last year, responding promptly to the needs of dematerializing services and changing the workplace to a remote and digital collaboration, and to the inevitable concerns about security, through projects and strategic partnerships, always with the aim of supporting and empower our customers' business, strengthening their digital transformation process.

TECHNOLOGICAL PARTNERSHIPS THAT ENHANCE THE OFFER

We continue the path of establishing and maintaining strategic technological partnerships, an important component of our market approach, that allows us to go further in the solutions we provide to our customers, an essential element in the ability to respond to the challenges and needs of the business fabric.

In 2022, we once again met the specialization and support requirements to sell, install and support Cisco solutions in Portugal, renewing the Cisco Gold Partner certification – the maximum level of partnership with Cisco. We also added the Cisco Customer Experience Specialization, which certifies that NOS is qualified to provide sophisticated and value-added Cisco solutions.

We renewed/maintained the certifications we achieved with all the strategic cloud partners, two main public cloud players: (i) with AWS we renewed the Advanced Consulting Partner certification (ii) and with Google the Premier Partner certification. All these certifications translate into a guarantee of excellence in the provision of services to customers, demonstrating the ability of the NOS teams to implement and maintain the services of these partners, the expertise of the technical teams and the solutions knowledge by the qualified sales teams (see also "1.2 Recognitions").

PORTFOLIO EVOLUTION FOR CORPORATE DIGITAL TRANSFORMATION

We continued to evolve in the corporate portfolio and seek to integrate differentiated solutions for small and medium-sized enterprises, with a large range of scale and coverage for the main challenges and needs, of which we highlight:

- **NOS Multicloud Storage**

In May, in partnership with the Portuguese technology company Vawlt, we launched NOS Multicloud Storage, an innovative service that allows to store data safely and efficiently in the cloud. Based on a differentiating technology, this is a public cloud-based solution with the aim of simplifying the digitalization process of Portuguese companies, decentralizing the respective documents and information.

- **NOS Antivirus Pro**

In partnership with Trend Micro, we launched NOS Antivirus Pro, an antivirus software that protects fixed and mobile equipment against the main types of cyberattacks and other threats such as malware, ransomware, and phishing. Additionally, it allows email protection, control of active devices, backup, among other features.

- **Remote Assistance**

To inspire, democratize and demonstrate the potential of augmented reality solutions for SMEs, we launched the Remote Assistance solution. This solution, supported by this type of technology, allows supporting field intervention activities, from equipment maintenance to machine audits and inspections, through the remote resource, at any time, to the support of a colleague or specialist in a given task.

- **Wi-Fi Pro**

In the evolution of our core offer, we renewed the Wi-Fi solutions category with a new professional Wi-Fi solution. Solution, with differentiating characteristics, that allows not only full Wi-Fi coverage in the company, but also incorporates integrated navigation security and with an App – Workpass – that allows the company's W-Fi to be managed in a simple and centralized way.

- **Improvements and evolution in the aaS Wi-Fi service for the corporate market**

Functional extension of the Guest Wi-Fi portal support platform for our corporate customers' customers, increasing their customisation and experience capabilities while maintaining all security mechanisms.

OTHER DIMENSIONS OF VALUE CREATION

The offers that we manage for the corporate segment, the portfolio of telecommunications solutions and information technologies and data management that we provide, and the initiatives that we promote and/or support, leverage several dimensions of value that are explored in greater detail on other sections of this report:

- **Cybersecurity Solutions to help customers keep their business safe**

With the increasing use of the internet and cyber-attacks, cybersecurity is an area of inevitable and growing strategic bet. In 2022, we launched an integrated and joint solution with Fidelidade in this area.

See information in: "3.2.6 Safety in the use of our products and services" of this report.

- **Promote 5G in the national business fabric and the sustainable development of organizations**

Currently, a relevant focus of NOS activity in the corporate segment is based on the development of projects in partnership, for trial, implementation, dissemination, and training of market agents for technological solutions based on 5G and solutions that promote a more evolved and sustainable society, with 2022 being another year of great dynamics at this level with more cities starting the trajectory of 5G smart cities and initiatives such as the 5G Hub, 5G Factory, among many others.

See information at: "3.2.1 Leading the 5G technology wave and expanding its potential", "3.2.5. Products and services with environmental and social benefits" and "3.5. We Generate Value for the Planet and for a Sustainable Society" of this report.

3.2.5. Products and services with environmental and social benefits

NOS is committed to promoting a positive social and environmental impact, through the potential of technology and as a mobilizing agent for its value chain.

Together with the various social and business agents with which we relate, while exploring business opportunities that make us more efficient and confirm us as agents of a digital and environmental transformation that contributes to a more inclusive, evolved, and decarbonized economy, we have been building a path that allows us to offer more responsible products and services. Through our offer of products and services and associated initiatives, we not only benefit our customers by leveraging a more efficient management of resources, but also involve and influence them to contribute with us.

IN 2022, WE PARTICULARLY STRENGTHEN THE FOCUS OF OUR OFFER ON MORE ECOLOGICAL SOLUTIONS:

- **Launch of the first 100% digital eSIM**

In 2019, NOS became the first operator in Portugal to launch eSIM, offering its customers the possibility of having a dematerialized SIM card in their mobile phone, facilitating the use of two SIM cards in mobile phones compatible with the technology. NOS customers can now, free of charge, ask at any NOS store for the QR code that allows them to install an eSIM on their mobile phone.

In 2022, we took a very significant step in the evolution of this concept, launching a 100% digital eSIM experience under the WOO brand, without the need to travel or deliver a physical plastic part with the QR code corresponding to the customer's eSIM. In this way, any customer can join WOO or switch from SIM to eSIM in just a few clicks, without consuming packaging, plastic parts and without the need for a logistics chain to guarantee its supply.

NOS was once again a pioneer in Portugal, and one of the first operators worldwide to launch this solution.

- **Eco SIM**

SIM cards and packaging made of 100% recycled material for the full range of physical cards

2022 was the year to renew the packaging of tariff cards and the SIM cards themselves, ensuring two movements that contributed to reducing the environmental impact of this product, by converting the paper involved in the

packaging of the cards into a more responsible solution, choosing 100% recycled materials, and through the reuse of plastic waste, which enables a reduction in the consumption of virgin plastic.

Following the availability, in the national market, of the first 100% recycled SIM card under the WTF brand, NOS has now applied this approach to all new SIM cards. From now on, all cards purchased result from waste from the industrial production of packaging and printing material.

- **Self-installation kits for boxes and routers**

In 2022, we again extended the TV and internet equipment self-installation feature (a journey that we started in 2019, with a first product set), and we achieved the goal of including all equipment capable of self-installation in the active range of our HFC network. This feature is intended to give autonomy to NOS customers in installing this type of equipment, receiving the box and the router comfortably in their home, to connect them without the need for any remote technical support or intervention by a NOS technician. This option reduces the environmental impact associated with the having a technician visit their home, and guarantees sustainable deliveries, in packaging that is also increasingly responsible.

- **Campaigns | One Purchase = One Tree**

Strengthening its role in defence of the planet, and involving customers, in April 2022 NOS started a cycle of commercial dynamics under the motto "Whoever does it, makes the difference". On selected days and times of the year, and under the "One Purchase = One Tree" initiative, the products and services purchased at NOS stores are worth planting trees, with a view to offsetting Greenhouse Gas (GHG) emissions generated by customers' use of main telecommunications products over a year.

Two campaigns were carried out in 2022. The first, in April, took place within the scope of "World Earth Day". The last one, in October, took place on "World Habitat Day". In total, they allowed the planting of more than 26,000 trees, contributing to a reforestation project that combines carbon capture, biodiversity protection and natural resistance to forest fires, with native species that are more resistant to fire. These campaigns brought together the contribution of purchases of products and services by customers in the consumer and corporate segments.

- **Eco-rating for NOS Products and Services**

The Eco-Rating, an initiative founded by a consortium of international telecommunications operators, promotes a system that allows evaluating and rating the performance/environmental impact of smartphones, considering the life cycle, and considering standards such as durability, repairability, recyclability, climate efficiency and efficiency in the use of resources, where the best rating corresponds to the most sustainable choice.

In 2022, NOS joined this evaluation system, which, following its implementation, will be able to provide its customers with information that will allow them to make more informed and sustainable choices, while suppliers are encouraged to reduce the environmental footprint of the equipment they produce.

NOS has been working towards adopting this model, in the consumer and corporate segment, with its implementation being planned for the year 2023.

- **Other continuity initiatives**

Our offer comprises other products and services that generate environmental/social benefits, which were not subject to specific upgrades in 2022, but which remained available to our customers, namely:

- – NOS Guaranteed - sale of refurbished smartphones;
- – Take-backs of customer equipment (TV boxes, routers and hubs for residential and fixed service customers, and smartphones) for refurbishment – in the case of smartphone take-backs, a voucher is offered for the purchase of a new one, and in 2022 this advantage began to accumulate with the Guaranteed Minimum Price in the NOS Customers Special Program.
- – Giga Router Wi-Fi 6 – router with plastic structure produced using 100% recycled and optimized plastic and high energy performance; or Uma Remote – Remote with 100% recycled plastic structure and plastic-free packaging, with 100% recycled paper.

For business customers, we continued to strengthen, in 2022, various aaS or cloud solutions, as well as application programming interfaces and network services for the integration of solutions, that enhance the digitalization of its processes, resulting in a lower environmental impact and greater ecological sustainability of its activities.

Additionally, to products, solutions, and campaigns, we also seek to encourage and transmit values of environmental awareness to customers within the framework of establishing delight dynamics and offering NOS customer benefits. An example of this, in 2022, was the establishment of a partnership with Bird, to offer customers 15 minutes on Bird electric scooters, marking the European Mobility Week.

These solutions, aligned with our 2021-2025 strategy, reduce our customers' environmental impact through the use of communications solutions that generate more efficient consumption and reduce energy, water, or material costs. This topic is addressed in greater detail, as well as in terms of quantifying the respective impact on our performance, in "3.5 We generate value for the planet and for a more sustainable society. Our solutions and initiatives portfolio also allows us to influence various social dimensions, which translate into development factors and a positive contribution to society, also explored in this chapter and in "3.2.1 Leading the 5G technology wave and expanding its potential".

3.2.6. Safety in the use of our products and services

The growing generalization of access to digital content entails potential security risks for our customers in general, and in particular for more vulnerable populations, such as children, and which it is important to safeguard on a proactive basis.

We adopted several measures and adapted our offer to support families in avoiding these risks and taking better advantage of the potential of technology.

With the exponential growth of online threats, reinforcing our services in the area of safe browsing, responding to the exponential growth of online threats, was also an area of focus in 2022,

with the launch of a new service in partnership with CISCO, which complements our offer in this field – "Safe Browsing".

"Safe Browsing"

The "Safe Browsing" service, developed in partnership with CISCO, makes it possible to protect the whole family inside and outside the home, by immediately blocking access to dangerous websites, preventing threats such as viruses, phishing, and theft of personal data. With a prominent level of acceptance, this service has proven to be a winning bet in strengthening the online protection of our customers.

This new solution joined existing ones, such as NOS Safe Net and NOS KIDS.

NOS Safe Net, accessible for IOS and Android through the NOS Safe NET App, allows to protect the whole family and all devices from the dangers of the internet, by creating profiles for children, applying filters for harmful content, limiting the hours of use of games or social networks, and setting times to go to bed. All applications and browsing time are protected, also allowing parents to manage the time their children spend in front of screens and the content they access.

Security is a transversal element to digital systems, which is why all our products and services have intrinsic or actionable safeguard features, for safe use, from the boxes to Apps such as NOS TV or NOS Play, to mobile devices.

Through the boxes and Apps, it is possible to define different profiles for the family, with access to different contents (access to premium channels or rental, or adult channels), available through the definition of a unique pin for the profile. In the context of the Mobile Product, we also provide features that may help customers to reduce exposure to abusive content, either by blocking calls of a certain type (e.g., 760 numbers or international calls), or blocking subscription services.

We also have complementary solutions in the area of security regarding the protection of assets, leveraged on the telco business, as is the case of insurance and alarm solutions, the latter corresponding to a new business area and a strong bet for 2022.

In the corporate segment, security is a core area of focus with a number of solutions available to help organizations. In 2022, we launched a new integrated solution in the cybersecurity area, developed in partnership with Fidelidade, which combines preventive and reactive security, in an innovative response, accompanying the growing use of the internet and cyber-attacks.

NOS joint cybersecurity solution | Fidelidade

NOS and Fidelidade combined their expertise in technology and insurance to create a pioneering solution aimed at the Portuguese corporate ecosystem, a joint cybersecurity solution that includes a preventive component– antivirus protection, information backup, vulnerability diagnosis – and reactive – easily retrieve data and recover from damage from an eventual attack.

This partnership also provides a diagnostic platform that allows national companies to know, completely free of charge, their degree of vulnerability and level of risk exposure in terms of cybersecurity, pointing out appropriate protection methods.

Alliance for Cybersecurity

NOS was at the "Alliance for Cybersecurity" foundation, a cooperation platform, promoted by the CNCS, whose main objectives are to contribute to the achievement of the objectives of the National Cyberspace Security Strategy, functioning as a platform for aggregating best practices and promoting the acceleration of literacy and the adoption of defence procedures for people and companies. NOS, and other leading national companies (ANA, CTT, EDP, Fidelidade, Grupo Nabeiro, Jerónimo Martins, José de Mello Saúde, SIBS and SONAE) joined together to promote the literacy and training of technicians and executives in cybersecurity issues, promote and share information and best practices, and act as an incubator for collaborative projects that benefit the various elements of the alliance.

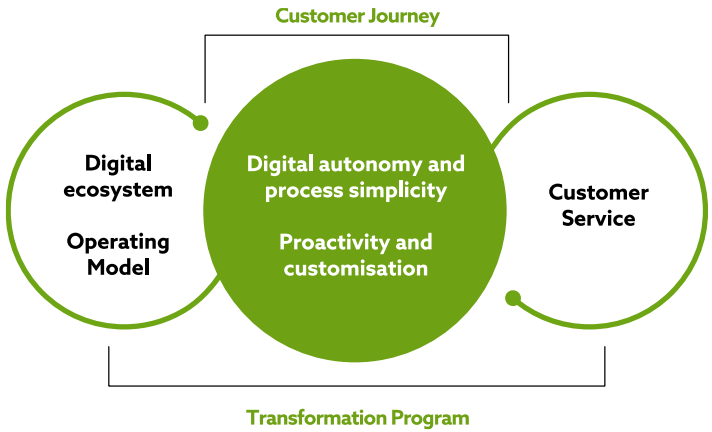
3.2.7 Customer and Digital Centric Excellence

We are connected to our customers and their needs, focused on excellence and an increasingly digital, transparent, and inclusive interaction. The evolution of the customer experience with our products and services is fundamental to the success of our value proposition.

In 2022, we continued our Transformation Program, with the aim of achieving excellence in the customer experience, based on increasingly digital interactions and more agile and efficient processes. The investment and transformation work that we have been carrying out over the last few years reached a particularly positive expression in 2022, both in operational terms and in customer satisfaction levels.

ENSURING EXCELLENCE IN THE CUSTOMER'S JOURNEY

Following the design of new customer journeys, during 2021, in 2022, we implemented a series of very relevant technological enablers, which materially impacted the customer experience, heavily leveraged in an increasingly rich digital ecosystem in terms of features. Profound changes were also introduced to the operating model, with the aim of evolving towards a closer relationship, leveraged on autonomy and simplicity, as well as on proactivity and customization.



MORE DIGITAL AUTONOMY AND PROCESS SIMPLICITY

With a focus on customer autonomy in resolving service issues, we are expanding the features that allow customers to obtain information and resolve issues in automated service and digital channels, more quickly and without the need to speak with an assistant. In this sense, in 2022, we launched our chatbot, which allows customers to carry out a certain set of operations autonomously directly on this channel, and we will continue to increase the range of situations that can be resolved this way.

We continued to develop and provide new service features in the NOS App (e.g., document submission, digital portability, diagnosis, and resolution of difficulties with fixed internet, return of equipment), which allow our customers to solve, on this digital platform, around 30% of issues that were dependent on an analogue interaction, 5% more compared to 2021. In addition to the efficiencies captured with these new features, we guarantee a better customer experience, with greater autonomy and flexibility.

We also launched, in the NOS App, the new billing centre that allows the customer to simplify the interpretation of consumption and invoices, allows the comparison with previous invoices and highlights differences, giving them greater peace of mind, confidence and autonomy to clarify their doubts without having to contact us. In this sense, we also provided in the APP, more detailed information regarding the different products and services contracted by the customer (communications tariffs, available TV channels, equipment, etc.).

The adoption of digital channels has also been promoted through digital education that drives assisted contact to promote customer adoption of these channels, providing them with information about the features and how to make queries and other simple operations through them.

We expand our efforts, with these and other measures, to ensure that customers have their issues resolved in the first interaction, and end-to-end follow-up, ensuring that customer service teams, as well as the customers, have enough tools and know-how to solve problems associated with the service, autonomously, in the first contact.

+50% of customers have already joined the NOS App and customer area	**+78%** of customers have already adopted the electronic invoice

The relevance of digital features for customers is reflected by their adoption. We have been developing continuous actions to promote the digital ecosystem, allowing the user base to progressively increase,

with customers registered in the NOS App and customer area representing 51% total customer base. On the other hand, in subscribing to the electronic invoice, we have already surpassed the mark of 78% of the NOS customer base, being possible to consult it through all communication platforms with the customer.

The year 2022 is thus marked by the review and simplification of processes, and a very expressive reduction in analogue contacts, simultaneously allowing for less operational effort and greater customer satisfaction, who manages to resolve their issues at first contact. In addition to increasing autonomy and customer satisfaction, our strategy also generates important environmental benefits such as reducing the use of paper and reducing carbon emissions inherent to possible travel by technicians and customers.

The various orchestrated dematerialization transformations, with external and internal expression, contributed to a greater provision of documents in digital channels and a greater scope of 100% paperless processes, estimating an accumulated effect corresponding to the reduction in the need to fell 61 trees annually, which adds to the effect of the electronic invoice, which in turn translates into savings of around 131 tons of paper per year, thus avoiding the felling of 3,458 trees. The dematerialization of processes, namely its effect on the environmental impact, is explored in greater detail in "We generate value for the planet and for a more sustainable society".

MORE PROACTIVITY AND CUSTOMIZATION

We have adopted a more proactive approach, through early identification of needs that the Customer has or may come to have. Through analytical models, we are able to customize the service, guaranteeing a unique experience for each customer.

In the field of digital training, we continued to invest in our Digital Marketing technology portfolio, improving our web analytics, content management and customization capabilities. We have implemented a set of targeted and customized communication journeys, allowing to manage the customer life cycle more efficiently, maximizing value and experience.

We continued to evolve our know-how in Advanced Analytics, providing more intelligence and customization to the way we operate, whether in forecasting more complex technical issues that may arise and that require a more targeted resolution, or in optimizing the interventions of our field technicians or even in the automatic resolution of simpler issues in Interactive Voice Response (IVR). We also invested in training hundreds of people in the organization so that predictive and prescriptive analytics become a transversal reality across the entire organization.

On the other hand, we continued to transform our reactive approach with the application of Machine Learning at the service of technical troubleshooting of customer issues, providing these skills both in the support lines and to our customers through the NOS App, which resulted in a significant impact on the reduction of technicians visits to customers' homes, on the first-call resolution rate and on customer satisfaction. We continued to make progress within the scope of the Robotic Process Automation program, as part of the broader transformation program, consolidating our Automation practice, which now has 30% more automation compared to 2021.

Excellence in customer service

Despite the strong digitization of the customer journey, the partners who manage our contact centres are at the heart of this process and continue to be a fundamental link in maintaining a good relationship with customers, as well as guaranteeing a quality service. There is a strong investment in training adapted to the new paradigm, from assisted digital education, already mentioned, but covering a whole range of training that allows keeping contact centre teams aligned and involved, and with the appropriate know-how, a crucial aspect in maintaining the desired levels of digitization and excellence.

We continued to favour remote ongoing training, with digital training support and documentation. Thus, we are also able to promote a better balance between the personal and professional lives of these employees, also contributing to a lower environmental impact of the operation, and with has a special focus on retaining human resources through their appreciation and satisfaction, based on digitization processes.

NOS CONTACT CENTER RECOGNIZED FOR THE 2ND YEAR IN A ROW

Once again, and for the second year in a row, NOS stood out in the APCC (Portuguese Association of Contact Centers) Best Awards 2022 edition while also being recognized in the Call Center Trophies (by Abilways Portugal and Call Center Magazine)

Due to the continued focus on the customer and the appreciation and satisfaction of the human resources working in these services, NOS once again stood out at the APCC (Portuguese Association of Contact Centres) awards, with a gold medal in the corporate service line and a silver medal in the consumer service line. This recognition was further reinforced by also being awarded TOP OF MIND in the Call Centres trophies (see more information in "2.4.1 Recognitions").

Monitoring of customer experience and satisfaction

Our activities and processes are planned to ensure continuous improvement, the effectiveness of our system and customer satisfaction. The processes associated with the supply of products and services are part of a management system, certified according to ISO 9001 - Quality Management Systems, as well as ISO 20000 - Information Technology Services Management Systems.

We continuously monitor the market, needs and trends in preferences, through market studies of consumers and our customers. In this monitoring, understanding the experience of our customers occupies a central and critical role, constituting the starting point for a wide range of improvement actions implemented operationally. We continuously monitor the evolution of customer satisfaction, by different means and at different points in the value chain, in order to capture their global view of NOS - relationship sphere - and their specific view on the different interactions they have with our points of contact – transactional sphere. In both spheres we registered, in 2022, a very positive result in accordance with the path we are following.

Fair and transparent customer relationships

Provide customers with complete, clear, and accurate information, necessary for making an enlightened and informed decision and ensuring scrupulous compliance with the agreed conditions, as well as working every day to minimize and promptly respond to customer issues, are key factors in ensuring customer satisfaction in accordance with the experience principles we have defined.

We make efforts, on a permanent basis, to ensure respect and compliance with all applicable legal provisions in terms of marketing and advertising, being members of the Portuguese Association of Advertisers (APAN) and the Advertising Self-Regulation Association (formerly the Civil Institute of Advertising Self-Regulation) and having subscribed to the Code of Conduct prepared and approved by the latter. The main objectives of this Code are, namely, to demonstrate good practices and responsibility in the different forms of Commercial Communication, guarantee public trust and respect for consumer privacy and preferences.

In line with the publication of the Electronic Communications Law, which transposed the European Electronic Communications Code (EECC), in 2022 we reviewed and strengthened the measures we have in place to ensure that our customers are fully informed of their contractual rights, and to make the NOS-customer relationship even more transparent and simple with regard to information and the safeguarding of their rights.

As a result, we have currently implemented the following set of measures:

- Conditions for the provision of services, general and specific to the different types of contract available on the website;
- One month's prior notice of changes in the conditions of service provision;
- Information about contractual loyalty and associated charges available on digital channels and on invoices for all segments;
- Information about the qualification of extraordinary situations, which allow customers to cancel the contract in advance and free of charge, available on digital channels;
- Simplification measures for SMEs and non-profit organizations;
- Contract summary model (MRC) with the inclusion of the costs of additional services and all the information of the contractual relationship, when there are changes to any of the services contracted by the customer;
- Annual proactive communication of the best available offers adjusted to the lifecycle of each customer profile;
- Explicit confirmation/"active" acceptance of the sale, for the purpose of its conclusion and through the provision of all pre-contractual information, ensuring a conscious and enlightened contracting of customers;
- Reimbursement to the customer of prepaid balance amounts at the time of portability request;
- Proactive compensation in case of non-compliance with deadlines for activating and repairing faults and/or service unavailability;
- Internet Social Tariff for low-income families;
- Temporary Suspension of Services, allowed for a wide range of situations of economic and/or social constraints, making the management of contractual commitments with NOS more flexible;
- Exemption from payment of contractual breach, with extension of the exceptions to the charging of contractual breach (unemployment, disability, emigration), and facilitation of termination of the contract in some situations, including the adoption of the platform provided by the Directorate-General for Consumers that allows to expedite these processes;
- Information regarding support lines and their costs included in written communications with the consumer;

We still have an additional set of measures in preparation, which also derive from the EECC, but most of which require additional regulation from ANACOM, with a view to providing a fairer and more accessible service, especially with regard to customers in a more fragile situation.

We also have defined mechanisms and procedures to ensure adequate communication with the customer through various channels, such as customer support lines, the NOS Ombudsman, NOS Forum, and our network of stores. These means can be activated by customers in any context that is relevant to them, whether to clarify contractual issues, or to address any problem that arises related to the use of our products and services or transactional issues, such as billing.

A central aspect of our customer service model is the principle of "First-call resolution", and we have made adaptations in order to move closer and closer to this paradigm.

The analysis of complaints, whether those addressed directly to NOS or those addressed through independent bodies such as "Portal da Queixa" or Deco, are the subject of reflection and definition of improvement plans, always in the sense of excellence.

Notwithstanding the specific action measures taken to resolve the problems addressed by our customers, our greatest effort is focused upstream, on the way we choose our investments, direct our focus on innovation, work on our internal processes and define our offer, always with the interests and needs of customers in mind.

ACCESSIBILITY FOR SPECIAL SITUATIONS

Connectivity is essential to prevent info-exclusion and social exclusion. Thus, we consider it essential to provide solutions that promote accessibility to our products and services by customers in special situations or with special needs. With this, we have a range of solutions for people with hearing and visual disabilities, namely subtitling in Portuguese and subtitling for people with hearing disabilities, in video on demand (VOD) and we provide Portuguese Classics with audio description at the "Videoclube".

3.2.8. Leading in Next Generation Networks

An increasingly closer, efficient, and recognized mobile network

We have the best 5G mobile network in Portugal, globally recognized for its quality. Over the last few years, we have made a strong investment in new generation networks and in improving and strengthening infrastructure, blurring territorial asymmetries, and improving the quality of service, providing increasingly widespread access with cutting-edge technology in Portugal.

DEVELOPMENTS TO DELIVER MORE COVERAGE, SPEED AND CONSISTENCY

In 2022, NOS continued its mobile site expansion plan, strengthening population coverage with 2G/4G, with special focus on new coverage in shared areas and also in dedicated locations such as hospitals, public service areas, COVID testing areas, etc.

The continued generalization of 4G technology in all sites has allowed for continued improvement in coverage and speed and will support the migration to voice over 4G (VoLTE), which will allow for better voice quality and a better experience in simultaneous use of voice and data. The rollout on all 4G sites (especially in the 800 MHz band) additionally improves indoor coverage in buildings as well as ensures superior NB-IoT/LTE-M coverage (Internet of Things), boosting the development of applications for families (e.g., trackers, alarms, etc.) and companies (metering, smart cities, etc.).

The mobile network sharing program with Vodafone continued in 2022 with a strengthening of coverage and relevant experience in urban and rural areas in the districts of Viana do Castelo, Braga, Vila Real, Bragança, Viseu, Guarda, Santarém, Lisbon, Portalegre and Faro. The program will continue, until the end of 2023, in the remaining districts.

Continuing with the network and spectrum transformation strategy, the 900 MHz band was reconfigured, with a total redesign of the 2G network, accommodating the additional 2 MHz acquired in the 5G auction. 3G technology was also added to this same band, thus improving voice and data coverage for 3G customers or 4G customers still without VoLTE support. The 3G 2100 MHz band is thus freed up for 4G/5G use, adding the 5 MHz acquired in the 5G auction.

In 2022, the evolution of the network to support terminals with 5G carrier aggregation, namely 700 and 3500 MHz, was also initiated. In the current architecture, this aggregation allows to combine the benefits of the higher downstream speed of the 3500 MHz with the higher coverage of the 700 MHz, enhancing higher speed and increasing the 5G coverage areas and availability.

At the end of the year, 5G coverage already reached over 88% of the population, with a presence in all districts (including the Azores/Madeira) and covering all district capitals as well as several urban and suburban areas. It is also important to point out that high-speed coverage (>1 Gbps) is already available to more than 60% of the population, allowing since the launch of the 5G network (end of November 2021) to provide customers with a unique mobile experience, leveraging various applications whether in the context of personal communications or in the development of solutions for companies.

Widespread migration to voice over 4G (VoLTE) continued to grow in 2022 reaching over 60% of voice traffic and allowing more customers to experience the benefits of superior voice quality, virtually instant call initiation and widespread use of simultaneous voice and data over 4G.

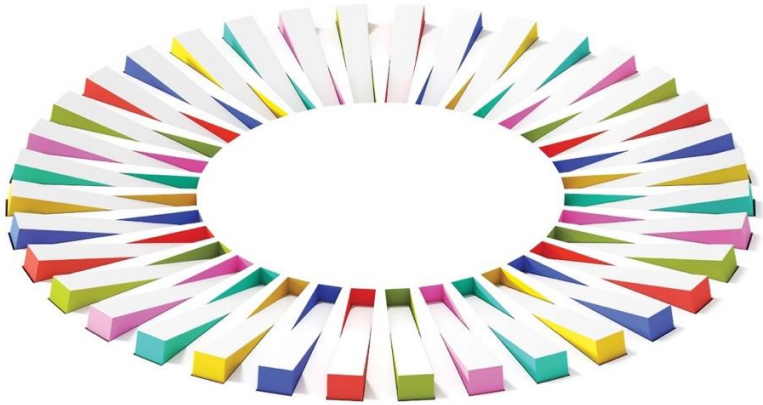
Simultaneously with the modernization plan and with the introduction of 5G, a network optimization program was conducted, providing a reduction in dropped calls, improved accessibility, mobility, and increased data speed.

The exploration of new requirements is the basis of the evolution challenge in 2023, which will focus on the evolution to Core Stand-Alone allowing to start the development of critical and very low latency services, the productization of MEC (Mobile Edge Computing) solutions for applications requiring local/very low latency processing and other evolutions.

ENERGY AND INFRASTRUCTURE SUSTAINABILITY

The rapid growth of the 5G network raises infrastructure sustainability challenges as well as network's energy consumption/carbon footprint challenges.

During the second quarter of 2022, network features were activated with a view to reducing energy consumption in periods and scenarios of lower traffic usage. During the second half, new features were explored, especially related to 4G and 5G, allowing reductions in energy consumption of around 5% to 10%.



Peak consumption management and management of costs associated with upgrading batteries and mobile station software

The mobile stations have batteries to allow the services to operate autonomously in the event of power outages. With the modernization of the 5G network, NOS proceeded to modernize the battery systems of the mobile network, replacing traditional batteries with state-of-the-art lithium batteries, with superior performance, with a longer lifespan, more charge/discharge cycles, and the possibility of using charge during off-peak periods. The new batteries and the new management software allowed the introduction of a new technological feature – Tariff Control, also associated with Peak Energy Control. This feature allows the batteries to be used at peak energy consumption times to supply energy to the mobile stations, being charged during periods of low consumption (off-peak). This technology, in addition to allowing cost reduction, contributes to better management of electrical networks, one of the most critical problems identified in the energy crisis in Europe. Activation of this feature started in 2022 and will continue in 2023.

Optimization of energy and cost management

In order to optimize the Tariff Control and Peak Energy Control technology, at the end of 2022 a proof of concept was carried out with predictive models to optimize energy management in two components: (i) Optimization of energy tariffs based on consumption and energy load diagram; (ii) Optimization of the Tariff Control feature taking into account consumption, the load diagram, the number of malfunctions and time, the tariff cycle, identifying for each site what is the most appropriate battery parameterization to maximize efficiency (Ex: Depth of Discharge / Minimum battery life, Tariff Control application window). The results were quite positive, therefore in 2023 an energy management framework based on these mechanisms will be developed.

Optimization of consumption in low traffic conditions

In mobile stations already modernized for 5G technology, new techniques for reducing energy consumption (Power Saving Features) were progressively activated, which allow network resources that are not being used to be put on standby in the various network technologies (2G, 4G, 5G), allowing a much more efficient use of resources. The application of these features brought significant energy savings.

In the infrastructures domain, the sharing program with Vodafone allows rationalising the use of resources, enabling a 40% reduction in the number of overall towers, maintaining the goals of improved coverage and allowing less visual impact and less occupation of the territory.

The upgrade of mobile network battery systems to lithium with longer life, more charge/discharge cycles and the possibility to optimise their use and charge during off-peak periods will strongly reduce the number of lead acid batteries whose performance is clearly inferior. Also the redesign and simplification of radiating solutions (antennas) allows to maintain or even reduce in number with the introduction of 5G, minimizing visual impact.

By 2022, and in the context of network development for 5G, new, better performing equipment with lower energy consumption was incorporated, allowing to increase the 4G speeds provided with less impact on the carbon footprint of the network.

During 2023, new features will be explored, especially associated with 5G technology; Analytical models will also be developed that aim to predictively explore periods of lower usage, even during the day, trying to maximize energy reduction, maintaining the quality of experience.

MODERNIZATION OF CORE PLATFORMS

The need to ensure the best mobile voice and data service experience, and to ensure service capacity and resilience, is the underpinning challenge for the evolution of 5G technology in 2023. The 5G network evolution will be conducted for a new release of the 3GPP standard (R16), with the implementation of a new Stand-Alone Data Core architecture. This evolution will allow the development of critical and very low latency services, the production of MEC (Mobile Edge Computing) solutions for applications that require local/very low latency processing, and other evolutions.

The new solution is based on an elastic virtualized architecture, which makes the expansion of network capacity more efficient and faster, being prepared for events in which a quick network adjustment is necessary to ensure immediate capacity needs. (e.g., remote work, remote school with education connectivity for teachers and students). This architecture allows us to provide more latency demanding services to our customers, whether private or corporate, because it makes it possible to create dedicated Cores, closer to the access.

In terms of authentication of mobile customer profiles, an evolution of the architecture was conducted in which the processing of customer registration is done centrally regardless of the type of access, with the main goals being to ensure growth capacity and an even greater resilience and security in the registration and authentication of mobile customers.

To remain at the forefront of technology, and provide an excellent service to our customers, we continued the study of the best solutions on the market to ensure the evolution to a new state of the art architecture to prepare the future 5G network with high speeds, and with advanced features that will be required in the future for network slicing, ultra-low latency, advanced security, and resilience.

VOLTE AND WIFI CALLING

Since 2020 NOS has provided VoLTE (Voice over LTE) technology, already available to 99% of customers (private and corporate), simply requiring a cell phone with 5G or 4G to enjoy the service. With this technology it is possible to improve customers' voice and data service experience. Simultaneously, NOS pioneered the introduction of Wi-Fi calling, allowing high-quality voice calls under deep indoor conditions and diversifying the network access capacity. Also, since 2021 NOS has provided customers with the Smart Number service and the possibility of using the Apple Watch Cellular and the Samsung Watch Cellular, having pioneered their introduction in the national market.

EXTENSION OF THE CORPORATE OFFER

In the corporate market, new voice service offers were developed in conjunction with reputable partners in the market to bring integrated services to small and medium-sized enterprises that were normally only accessible to large companies, with a multiple set of adaptations behind them that have made it possible.

From the great diversity of solutions/initiatives developed, we highlight the following:

- Investments in the modernization of convergent voice and unified communications solution platforms for corporate customers;
- Investments and developments in infrastructure to enable the integration of enterprise voice services with services from relevant partners/vendors in the market;
- Modernisation and fine-tuning of platforms for efficient and secure support for Internet of Things solutions;
- Launch of a digital portal where Services and APIs of the NOS platforms and network are displayed, intended for work and integration with partners within the scope of the NOS Hub5G;
- Development of a new group communications solution, currently already in the pilot stage with several corporate customers;

- Deployment of a new messaging platform that will enable an even higher level of resilience and performance with particular emphasis on supporting massive corporate and institutional customer campaigns;
- Other investments in modernisation of platforms and services, particularly in the areas of taxation, smart networks and display of services;
- Provision of new services, many of them developed in-house by NOS teams, improving the user experience of its customers, and enriching it with new features (e.g., NoR);
- Specific integration projects of communications solutions in various corporate customers of various dimensions and high sophistication and diversity of requirements;
- 5G solutions projects in various corporate customers of various dimensions and high sophistication and criticality of requirements;
- Modernization of the Core platforms that support Mobile Voice and Mobile Data services, ensuring state-of-the-art features with the aim of enriching the service provided to our customers;
- Capacity expansion in the Core network architecture supporting VoLTE, WiFI calling and Smart Number services, ensuring that all customers with a compatible terminal have access to a superior quality voice service;
- Change of architecture in the Core Platforms that support the mobile Data service, ensuring greater elasticity in capacity expansions. This flexibility is critical to the growth of data use by customers, for the higher speeds offered in the NOS offers and to ensure the best quality of service standards to ensure the best experience;
- Entry into VoLTE Roaming Agreements with all operators that have conducted or plan to conduct 2G and 3G network shutdown to ensure 4G voice service at these operators;
- Selection of Reference suppliers for the new 5G SA architecture, which allows the implementation of low latency use cases, mission critical and slicing, and generic Telcocloud for onboarding multi-vendor functions in a common infrastructure;
- Tested a new security architecture, to continue to guarantee the best solutions and best practices to ensure security in our customers' communications, among others.

THE BEST MOBILE NETWORK IN PORTUGAL, WITH UNIQUE AND INDEPENDENT RECOGNITION

The year 2022 saw our NOS mobile network obtain unique levels of recognition. It was highlighted by the specialized partners Ookla and OpenSignal, and also recognized as Product of the Year by Deco Proteste, relevant for translating a direct scrutiny of consumers.

Ookla® – the global leader in fixed and mobile network testing applications, data, and analytics, continued to recognize the superiority of NOS' mobile network, as in the second half of 2021. In January 2022 it distinguished the NOS mobile network as the fastest in Portugal, becoming the first national operator to obtain the award. Recognition of the NOS network as "Fastest Mobile Network" was based on the results of more than 185 thousand tests performed on the Speedtest platform on users throughout the country and customers of the three national operators, considering the average download and upload speeds achieved.

In July it was this entity's turn to specifically recognise the NOS 5G network, with the award "Fastest 5G network in Portugal", the first 5G award to be given in Portugal. The NOS network achieved a Speed Score™ of 305.40, concluding that, in the reference period of the analysis (first half of 2022), it was 6.55% faster than the second-ranked network. The Speed Score™ was based on a nationwide evaluation of the three main operators, using more than 73,000 tests conducted by users of the Speedtest® platform, belonging to the various operators.

The Speed Score integrates the average download and upload speeds achieved in the tests, with the average download speed on the NOS 5G network being 6.4% faster than the runner-up, while the average upload speed, was around 17.9% faster than other operators.

OpenSignal - global leader in mobile network performance analysis, in the Portugal Mobile Network Experience Report of February 2022, crowned NOS as the most awarded operator in the evaluation of mobile network experience in Portugal. The study took place between September 1st and November 29th, 2021, evaluating seven categories of user experience. NOS stood out in the Video Experience, Upload Speed and 4G Availability categories. In the remaining four categories analysed, NOS was the winner together with other operators: Gaming experience, voice application experience, download speed experience, and 4G coverage. Through daily individual analysis and measurement of more than 100 million devices worldwide, Opensignal evaluates the mobile network user experience of the world's leading operators.

To these evaluations of a specialised technical nature was added the recognition of "Most Advanced Mobile Network Offer", with the seal of "Product of the Year" (in the 18th edition of this initiative, and in the Telecommunications Experience category) reflecting a very positive evaluation that translates "the voice of consumers". The distinction was obtained as a result of the introduction into the network, in 2021, of a number of features that contributed to further improve the NOS customer experience, such as HD voice technologies, VoLTE, Wi-Fi Calling, eSIM virtual digital card or the Smart Number, for having the same number in several connected equipment, a pioneering service in the Portuguese market. Deco Proteste also awarded NOS the seal "Best of the Test - Mobile Internet"[33] , distinguishing the NOS

[33] NOS mobile internet is the best in the country

network for the first time, according to the results of the latest national comparative study of the QualRede application. The distinction was based on the average weighted by the quantity of measurements recorded monthly on the platform between May 2021 and April 2022 - over 50 thousand. NOS stood out in the user experience that includes download and upload speed, internet browsing quality and streaming content viewing

These recognitions are the outcome of the effort of recent years, the result of continuous and structural work that continued to be strengthened in 2022, with the NOS network maintaining its high rate of modernization and 5G activation.

OPTIMIZATION AND EXPANSION OF THE FIXED NETWORK

We are continuously working on expanding, optimizing, and improving network infrastructures, ensuring the best networks, capable of responding effectively to the digitalization challenges of the societies of the future, providing the necessary basis so that families can have access to the most advanced technology and companies can pursue the path of digital transformation.

Therefore, as part of its next-generation network expansion plan, it continued to strengthen its Gigabit network coverage to 5.284 million homes, 63.4% of which with optical fibre.

For the expansion of the FttH network, more than 4 thousand dedicated point-to-point lines were delivered to the corporate segment to connect corporate networks. Nearly 2 thousand new point-to-point connections were also built to support the various NOS networks (mobile and physical), the biggest contribution being to the evolution of the mobile network backhaul, namely, to prepare the network to support 5G.

The growth in the consumption of services in the residential and corporate segments, over the fixed and mobile networks, translated into the need for evolution in terms of capacity in the various network, access, transport and interconnection segments to their own Data Centres. The use of 100G and 400G technology in the interconnection of the main nodes of the IP network can be considered to be widespread, as well as the need for increasingly significant capacity increases at the more capillary levels of the network, in order to provide progressively higher service speeds.

During 2022, efforts were also made to strengthen the security portfolio aimed at both the residential market (e.g.: "Secure Internet") and the corporate market, highlighting in the latter case the importance of a wide spectrum offer (NG -FWaaS, anti-DDoS, SoC, Multi Factor Authentication, nomadic access termination, SD-WAN, etc,) in order to address the challenges associated with the digitalization of the business.

The plan to evolve the network solutions implemented at the Data Centres level was also carried out in order to boost integrated offers from hybrid clouds and to promote agility in the processes of providing services to address internal needs and those of the corporate market.

In the WDM transport network NOS continued the modernisation process. The network was provided with the latest technological innovations, becoming coherent, with flexible spectrum grid (flexgrid) and always using a minimum of 100G per line channel, with the capacity to deliver services of up to 400G to end customers. By the end of 2022, about 50% of the network was already modernized. Still at the WDM level, we started the distribution of phase synchronization, with asymmetry correction, making its delivery to 5G network sites possible.

In terms of the FTTH access network, NOS began preparing the evolution to the XGS-PON technology that will allow the delivery of services up to symmetrical 10Gbps to residential and/or corporate end customers.

A RESILIENT, RELIABLE AND AVAILABLE SYSTEM

The quality, availability, and resilience of the infrastructures and all the means inherent to the services we provide are essential foundations for achieving the excellence goals we have established with our customers in mind. We work continuously to improve our resources and response capacity. These actions also contribute to improving the ability to support the authorities and the general population in the event of unexpected or extreme events.

Quality, reliability, and sustainability of the service

The challenges in terms of detecting and quickly resolving network failure situations have been addressed through a growing digitalization and automation effort.

An effort was made to digitize several problem resolution processes, so that as soon as service unavailability events are detected, resolution flows are immediately followed by the supervision and network services teams, leading to a greater systematization of processes and agility in execution. In a later stage, the most repetitive tasks were automated, resulting in a reduction of resolution times and greater freedom for the teams to deal with other situations.

Additionally, the resolution process involves automatic forwarding of tasks to our field partners, minimizing the time elapsed between detection and assignment of each task to available technicians.

There were also further automation developments in the validation of services after the technicians finish their tasks, with the services being ensured by the systems instead of the previous manual validation by the network supervisors using the defined communication channels. Thus, waiting times are avoided, allowing technicians to be quickly forwarded to resolve other anomalous situations.

The digitalization of processes improves the agility of the teams, allowed to start preparing the future, placing at the forefront a greater ability to resolve malfunctions through the implementation of resolution workflows, allowing faster service recovery, minimizing the downtime for our customers.

In the Datacentre and Cloud areas, we continued the optimization and resilience efforts of the service infrastructures. We implemented the multi-AZ architecture (AZ = Availability Zone), which distributes the productive applications by different AZs, active in different Datacentres. This solution ensures that, in case of failure of a computing or storage component of one of the zones, the second one can ensure the service without impact or functional interruption.

Disaster Recovery (DR) capacity was also created in the North of Portugal, at the Riba de Ave site, with South - North data replication mechanisms having been implemented, thus safeguarding an additional level of resilience in the event of a serious incident that could condition the availability of both AZs to the South.

In the area of information management, we complemented storage technologies with a new platform. Known as Smart Storage, it allows the most effective distribution of information, through technological levels appropriate to the level of criticality of the data, and to the performance requirements, in terms of the respective access.

The new platform is implemented in a resilient model by design, ensuring by default a geographical distribution of information across 3 different datacentres, which guarantees its full availability in the event of a total loss of any of the 3 sites.

In the automation area, we continued the effort of digitization of processes for provision and monitoring of services in the Datacentre and Cloud, having developed the mechanisms necessary for automation of creation, activation, and management of resources at the NOS Datacentre, as well as at the main Cloud service providers (AWS, Google, and Azure).

This effort allowed for much faster implementation times, also enabling the absence of human intervention in the processes, thereby reducing the potential for human error. Likewise, once the resources were activated, they could be monitored and managed through a single platform, allowing total visibility by the resource user/manager and the ability to directly intervene in changes deemed necessary.

A structural project for the resilience of services in the southern zone of the Lisbon metropolitan area was also concluded in 2022, an initiative that allowed the region to have a benchmark level of service availability.

Together with NOS' partners and infrastructure service providers, a project was also launched to improve the resilience of fibre network routes in the North and in the Baixo Alentejo/Algarve region, which will improve service availability. This project will continue to be developed during 2023.

In this regard, we acted on several fronts:

PHYSICAL PATHS:

- Development of automatism for geographical comparison of overlapping paths;
- Introduction improvements in the tools and processes for analysing physical paths, in order to ensure implementation and recovery in case of failure.
- Proactive monitoring of non-conformities

SERVICE PLATFORMS:

- Implementation of geographic redundancy for non-linear TV platforms and contribution from the most relevant channels.
- Revision of the interconnection architecture with the islands in order to guarantee mobile and fixed services in the Autonomous Regions Azores and Madeira.

ENERGY:

Renewable energy

The new PPA (Power Purchase Agreement) went into production in 2022, ensuring that during this year NOS has already consumed green energy and contributed to a more sustainable environment (As this measure is transversal to NOS, it has its greatest impact on the network). This PPA will be fully operational in 2023 and will supply 62 GWh per year for a period of 11 years.

Implementation of power saving features to optimize consumption in low traffic conditions

- In the mobile stations already upgraded to 5G technology, new techniques for reducing energy consumption (Power Saving Features) were progressively activated, allowing network resources that are not being used to be put on standby in the various network technologies (2G, 4G, 5G), enabling a much more efficient use of resources. The application of these features brought relevant energy savings.

Mobile stations battery upgrade and peak consumption management

- NOS mobile stations have batteries to allow services to operate autonomously in the event of power failures. With the modernization of the 5G network, NOS replaced traditional lead batteries (Lead Acid Batteries) with state-of-the-art lithium batteries. These batteries withstand many more charge/discharge cycles, allowing the introduction of a new technological feature – the Peak Energy Control – in peak hours of energy consumption, the batteries are used to supply energy to the mobile stations, which are then charged during periods of low consumption (off-peak). This technology, in addition to allowing cost reduction, contributes to better management of electrical networks, one of the most critical problems identified in the energy crisis in Europe. Activation of this feature will continue in 2023.

Implementation of air conditioning optimization measures in technical rooms

- The knowledge of energy efficiency measures developed at Datacentres allowed NOS to extend this approach to smaller rooms spread across the country and to start a project to reduce energy consumption. To achieve this reduction NOS decided to increase the temperature of the rooms to international standard values and thus improve the PUE (Power Usage Effectiveness) index through a decreased use of the air conditioning systems.
- For this temperature increase to be possible without compromising the correct climate control of the equipment installed in these rooms, it was necessary to conduct a thorough review of all existing thermal insulation and review air conditioning flows in all corridors, review the temperature regulation of the HVAC systems (Air Conditioning and Free Cooling) and reposition temperature sensors to better read the conditions in the rooms. This project will continue in 2023.

ENSURE CONTINUITY OF SERVICE TO CUSTOMERS AND EMERGENCY RESPONSE CAPACITY

Since the pandemic situation there has been a significant change in the usage profile of our customers. This is the result of changing traffic patterns during working hours, conditioned by increased use of hybrid working regimes, and of greater network usage during the day by residential customers on mobile and fixed access networks, as well as greater weekly variability in volume/distribution and mobility levels. This circumstance makes network prediction and optimization more difficult and forces mobile networks to adapt to new usage patterns.

The requirements in terms of network availability led to a recurrent consideration of the resilience scenarios of our services and the implementation of equipment redundancy solutions and new physical paths. Based on information repositories regarding network failures, analytical models have been implemented in order to identify situations of recurring failures, possible points of failure and proactively identify situations that may result in degradation or interruption of service and thus act preventively.

Regarding to population safety and emergency response, during 2022, we always continued to respond effectively to requests to alert the population, using the mobile network, requested by the Portuguese National Authority for Emergency and Civil Protection (ANEPC), whether the alert requests were requested in advance or immediately. The periods defined for the start of the mass text messaging were complied with, followed by the respective monitoring of the messages delivered in order to report to ANEPC the percentage of customers who were notified in the intended geographic areas. During the year, this system was used recurrently to notify the population in geographic areas that have been affected by anomalous nature phenomena, as well as in fire situations, while at the same time NOS continued to implement improvements in order to make the process increasingly agile and to ensure a state of readiness to respond to the messaging requests received.

In May 2022, NOS was notified of ANACOM's decision to accept the report prepared by Ernst & Young (EY) on the audit conducted on NOS Comunicações under the Regulation on security and integrity of electronic communications networks and services, Regulation no. 303/2019, which establishes a set of security measures across several areas such as: risk management and governance, human resources safety, security of systems and infrastructures, operational management, incident management, business continuity and monitoring.

The report of the audit process that began in 2021, but whose conclusion and validation by ANACOM was only completed in 2022, concluded that "the company not only complies with the specific measures established in Regulation no. 303/2019, but also with the levels of sophistication 1 and 2 of the security measures associated with the targets listed in the annex to that Regulation."

3.3. We Generate Value for Our People

We provide an attractive environment, valuing our people's well-being and their contribution, preparing them for our digital ambition

3.3.1. Connected to our people and to current and future challenges

Our people are the organization's core asset. We take care of their integration into an inclusive and cohesive environment. We bet on their professional and personal development, and their well-being, to leverage and benefit from their full potential. As the main enabler of our development strategy, we are committed to aligning it with the organization's culture: anchored in digital and sustainability drivers, and in an agile organizational model, for an organization capable of responding to current and future challenges and to the ambition of leading the digital customer experience.

2022 was another challenging year, with the unstable environment inevitably constituting a factor of concern for people. But the achievements of recent years allowed us to start this new cycle on a solid basis, strongly marked by another stage of cultural evolution during 2021, in particular with the redefinition of the NOS values that focused our people on behaviours linked to individual and collective growth, to the sustainability of the business and of society, and to innovation.

We continued to evolve in the reformulation of our people's journey in the organization, continuing to focus on digitalization as a key element of the agility and balance that we want to achieve. Still, due to the impacts caused by the strong limitations imposed by the context experienced in recent years, we sought to re-establish a dynamic of greater proximity with our people, promoting various initiatives of sharing, alignment, and celebration.

The initiatives and dynamics created among employees have translated, by 2022, into levels of satisfaction and pride that validate the path we have been following together.

83% General Satisfaction Index about working at NOS (+3pp compared to 2021)	**85%** Pride about working at NOS Index
94% Satisfaction Index with Individual Respect for each employee	**88%** Leadership Trust Index

Source: 2022 Climate Study

3.3.2 Our human capital

As of December 31st, 2022, we had a total of 1,803[34] employees, the majority (94%) allocated to the telecommunications business.

The diversity, talent and training of our workforce is what leads us to excellent results and the organizational success that we so desire. These principles accompany us in the daily management of the organization, and encourage us to develop actions that materialize them, allowing the creation of value, individually and collectively.

As a company that has a strong determination in the areas of technology, we operate in a sector that has demanding challenges with regard to gender distribution. However, we seek to have a positive impact on these dimensions, which is why we have developed a wide range of initiatives to promote structural change.

Regarding gender diversity, in the total management positions, including managers and directors, women have a representativity of 33%.

With regard to the governing bodies, at the end of 2022, there were 5 women on the Board of Directors, representing 33% of the total number of Directors (15) and the Executive Committee had one woman on

[34] The total number of employees presented does not include directors, trainees, employees of companies in which NOS holds less than 51% and cinema workers

its composition, representing 14% of the total composition of this body (7 executive members). Since 2017, 100% of our employees have been working full-time and, by 2022, over 99% will have a permanent contract, reflecting our commitment to sustainable employability policies. More than three-quarters of our employees have higher education qualifications.

Our People	2020	2021	2022
Total number of employees [35]	**1.899**	**1.829**	**1.803**[36]
Type of contract (%)			
Employees with permanent contract	95,6%	99,1%	99,2%
Employees with a fixed-term contract	4,4%	0,9%	0,8%
Diversity and inclusion			
Gender			
Women			
No.	770	748	737
%	41%	41%	41%
Men			
No.	1129	1081	1.066
%	59%	59%	59%
Women in management positions			
No.	127	126	131
%	31%	31%	33%
Age (%)			
<30 years old	11,5%	13,2%	12,5%
30 to 50 years old	76,3%	72,0%	69,3%
>50 years old	12,2%	14,8%	18,1%
Inclusion			
Employees with disability (%)	1%	1%	1%

With regard to geographic distribution, the company's activity is completely focused on the national market. We have a higher density of employees in Lisbon and Porto, with 68% and 27%, respectively, the remaining 6% are spread across the autonomous regions and other locations.

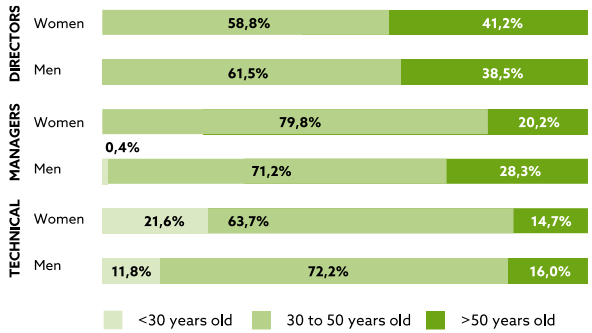
In continuity with previous years, the proportion of employees under the age of 30 remains at 13%, due to the bet on hiring young talent; More than 50% of admissions in 2022 were candidates under 30.

Among candidates up to 25 years old, the number of admissions grew 15% compared to the previous year.

As in previous years, we provided professional, summer, and curricular internships. In 2022, we promoted a total of 126 new internships.

The structure of NOS employees by functional group presents the proportion expected in a company in the technology sector, whose workforce is mostly technical, with technicians representing 78%, managers 19% and directors 3%.

Distribution of employees by gender, functional group, and age group



3.3.3 Diversity and inclusion

Rigor and transparency are the basic principles of our internal human resources processes. Its application allows us to promote diversity and inclusion and strengthen the ethical commitment to meritocracy.

Besides ensuring equal opportunities for personal and professional development, we believe that diversity and inclusion positively impact the organization, the results, the well-being, and satisfaction of

(35) The total number of employees presented does not include directors, trainees, employees of companies in which NOS holds less than 51% and cinema workers

(36) The total number of employees presented does not include directors, trainees, employees of companies in which NOS holds less than 51% and cinema workers

our people, partners, and customers, helping to grow in innovation, creativity, teamwork, motivation and willingness to change.

2022 was a particularly active year for the successful implementation of this vision, with the momentum provided by the implementation, in 2021, of the Diversity and Inclusion Committee, which has the responsibility of monitoring, challenging, and improving the measures taken by NOS in this scope.

With determination and focus we conducted a set of initiatives related to inclusion and diversity, with high impact, of which we highlight:

Statement of Commitment to Diversity and Inclusion

Approved in early 2022, the Statement of Commitment to Diversity and Inclusion presents the company's guiding principles in this area and reveals and details the main action axes: (i) Diversity and Inclusion Mindset; (ii) Inclusive Leadership, and (iii) Diverse Talent Pool.

In the institutional area of the website, it is possible to consult the full version of this statement.[37]

At the same time, we are based on human resources models and policies that allow an effective response to the principles and values that govern our operation - respect for diversity, rights of each person and non-discrimination - and that value a balanced workforce, not only with regard to gender or age, but also with regard to origins, life experiences and ways of thinking. It is with this combination and sharing that we strongly contribute to the value creation and to the composition of a strong NOS brand, founded on our people.

Partnership with Technovation Girls Portugal

We partnered with Technovation Girls Portugal, with the goal of promoting young women's interest in STEM (science, technology, engineering, and mathematics). Based on this partnership, we had the opportunity to participate, in 2022, in Technovation Girls, a worldwide program of technological education, with the objective of empowering girls aged 8 to 18 to become confident in STEM areas, and to lead the creation of technological solutions to answer today's problems.

Within the scope of this participation, a group of NOS employees had the opportunity to mentor working groups of young women, supporting them in the creation of projects with social impact.

Inclusive Community Forum Membership

We have become a member of the Inclusive Community Forum, contributing to the promotion of a more inclusive community.

The Inclusive Community Forum (ICF) is an initiative of Nova SBE dedicated to the lives of people with disabilities. It promotes a more inclusive community through a network of partners, challenging them to take an active role in this issue, especially with the employability and education of people with disabilities.

PWN Partnership Creation

PWN is a professional association whose purpose is the creation, implementation, and development of all types of activities designed to promote and highlight the professional role of women in the labour market. NOS joined this movement with the aim of recognising and promoting female engagement and development at NOS, giving the nominated members access to networking breakfasts, workshops, and role-model initiatives with leading figures in the various sectors of the Portuguese business fabric.

2023 Gender Equality Plan

The Gender Equality Plan materialises the commitment and the goal of NOS in this matter, in safeguarding meritocracy in all forms and circumstances. The plan for 2023 strengthens the commitment to the priorities that guide us, allowing us to monitor and measure the progress of the path we are taking. We remain focused on improving the knowledge and tools that our people possess in this area, seeking to offer the best resources at our disposal.

In the institutional area of the website, it is possible to consult the full document [38].

We also continued to participate in the Bloomberg Gender Equality Index (GEI), having registered a very positive evolution, with a score of 84.11%, an increase of 19.41pp compared to last year's score (64.7%), as the result of the significant work we have been developing.

(37) Statement_Commitment_Diversity_and_Inclusion.pdf (nos.pt)

(38) Gender Equality Plan

3.3.4. Remuneration and benefits

The NOS Remuneration Policy is governed by a set of principles aligned with best national and international practices. We regularly participate in benchmark studies on remuneration and benefits trends that allow us to assess and increase the NOS competitiveness, aligning and adjusting to market dynamics.

Equity Ensure the principles of internal equity that support integration into a unique culture	**Balance** Ensuring balance between the fixed and and variable components of the remuneration structure	**Simplicity** Simplified remuneration structure, ensuring clarity in its communication and understanding by employees
Flexibility Guarantee, within the defined rules, flexibility for the treatment of differentiated situations, namely in the management of of high-potential employees	**Performance** Ensure the link between compensation and individual and company performance in the short and long term	**Competitiveness** Guarantee levels of of competitiveness necessary to ensure the talent attraction and retention

The remuneration package is based on basic salary and variable remuneration components, with different attribution by organizational group. All organizational groups have a reference salary band that aims to ensure a competitive positioning in the telecommunications and information technology market.

Knowing the importance that the remuneration and benefits policy represents in attracting and retaining talent, we integrate benefits not only at the formal level of the remuneration policy, but also in the experiential and emotional field. One way of obtaining a return and contributing to higher levels of engagement is to conceive and offer benefits that meet people's needs and generate a return for the company. Therefore, we have added to the remuneration package, a set of benefits and partnerships, programs and initiatives oriented to the needs of different work generations.

In 2022, we strengthened the offer of benefits, launching the NOS VITA Program, which includes a savings axis, by providing a platform with more than 300 partners, with an offer of diversified goods and services at special prices.

The benefits provided include insurance, children's vouchers, and all NOS services with discounts. It also covers a platform with more than 300 partners, offering diversified goods and services at special prices.

In addition to flexible entry and exit hours, the holidays and leave policy in force provides for leave on birthdays, leave on the morning of the first day of the new school year for employees with children under 15 years of age, the full day of the 24th of December and the afternoon of the 31st of December.

In order to guarantee mobility and flexibility in our employees' daily work practices, we ensure that everyone has access to smartphones, laptops, video conferencing systems and VPN systems.

3.3.5. Safety, health, and well-being

We ensure that our employees, suppliers, and partners perform their activities in a safe and balanced work environment, which prevents the occurrence of incidents and occupational diseases and promotes emotional well-being, as an essential foundation to provide an attractive work environment on which our ambition of positioning NOS as the best company to work at is built upon.

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT

NOS Comunicações has, since 2015, an Occupational Health and Safety Management System (OHS) implemented and certified, in accordance with the ISO 45001 standard, which essentially covers the Products and Services of the Corporate market segment, although we have good OHS practices implemented across the company. This certification demonstrates our commitment and endeavour to complying with legal and other applicable requirements, ensuring the systematic and comprehensive implementation of best practices and processes, in a logic of risk minimization and continuous improvement of OSH behaviours and conditions inherent to our activities and infrastructure. Regardless of the scope of the certification, this approach is reflected throughout the organization, including our people and also the employees of partners, when they carry out work in our facilities or facilities occupied and/or managed by NOS.

Through the annual mapping exercise of the main OSH hazards and risks, psychosocial, ergonomic, physical, mechanical, electrical, and associated with missions continued to be identified as the main risk categories, on which we have been working through the definition and implementation of action plans.

The action plans are aligned with our Occupational Health and Safety Management System (ISO 45001), which foresees several initiatives, namely an audit program, carried out by accredited external entities, in order to ensure and improve the working conditions of our people in terms of air quality, noise, lighting and air conditioning conditions. Quarterly food audits are also conducted to ensure the quality of the food provided in our buildings.

Following the work developed in 2021, of identifying high-risk activities, supported by a specific hazard identification and risk assessment matrix for this purpose, and involving visits to infrastructures and field activities, in 2022 we strengthened the protection measures for employees with ergonomic, physical, mechanical, and electrical risk activities.

We have also reinforced the training of the area managers and of the employees exposed to these risks, and we have developed a new process for monitoring these teams regarding protection measures.

With the aim of listening to NOS employees and knowing their perception on various OHS topics, regular questionnaires are carried out in order to guarantee the continuous improvement of the implemented processes. The monitoring of results supports decision-making in this area.

Since 2020, employees have been able to carry out, in an easier and more convenient way, Occupational Health appointments and exams at the three main NOS buildings (Campo Grande, Expo and NorteShopping buildings). This process is essential for each one to take care of his health and to ensure compliance with the obligations, both legal, of article 108 of the legal framework for the promotion of Occupational Health and Safety, and normative, of the NOS certification in OSH.

Training is one of the important pillars in preventing risky behaviour and managing occupational health and safety, which is why we provide training to all new employees as an integral part of the onboarding process. In terms of physical safety, we provide e-learning training for new employees, so that they know how to act in prevention and emergency situations in our buildings. In 2022, this reached a completion rate of 88%.

FOCUS ON THE PROMOTION OF WELL-BEING

In 2022 we redefined our strategy and implemented the NOS VITA Program, our current well-being program, which reflects a personalized, holistic, impactful, and sustainable approach, based on 3 dimensions - Body, Mind and Social. The Program operates through awareness, empowerment, and facilitation initiatives and with a strong leadership engagement.

Within this scope, and following the study conducted in 2021 on Psychosocial Risks, we developed a cycle of webinars called "Healthy Conversations" with the objective of promoting, debating, and sharing insights and practices for the promotion of Mental and Emotional Health. The set of webinars held had the participation of more than 700 employees. At the same time, several written and audiovisual contents related to this topic were released.

We also strengthened the practice of disconnection with the introduction of tools such as Viva Insights that can help self-learning for behaviours that promote recovery and balance, as well as communication about the available Online Medicine tools for psychology appointments to respond to employees at risk, ensuring due awareness about its existence and purpose. We raised awareness among managers through tips and recommendations to promote a healthy and sustainable work environment by taking care of themselves and their people on a daily basis, as part of the LeaderShift Program, which includes training on emotional management and mental health issues for leaders (see more information on this program in 3.3.6 Talent management).

Within the scope of the social axis, we promoted get togethers in the buildings, with contextual celebratory initiatives, such as an Activity Market week to celebrate the NOS anniversary, "Return of the Heroes" at the end of summer, St. Martin's Day and at Christmas, and we promoted the Wellbeing Community. After its creation in 2021, this is a community directed at our employees, which allows us to bring together people with the same interests, vitality, curiosity, generosity, and willingness to share ideas, experiences, suggestions, inspirations, among other Wellbeing-promoting content.

3.3.6 Talent management

Operating in an area of high technological dynamics, NOS continues to recognise talent management as one of the key points for its success and sustainability. The evolution of the labour market, greatly impacted by the context in which it has operated in recent years, has promoted new challenges regarding talent management. The new skills, new work dynamics and new social priorities challenge us to constantly evolve and adapt our management models, practices, and policies in this area.

Throughout 2022, we invested heavily in improving our employees' experience, revisiting some of the people management programs and processes, namely the recruitment process and the onboarding journey, centred on the employee, in the knowledge of the business and with a WOW effect, having recorded very positive results.

Recruitment	**Onboarding**
Candidates: NPS 89 Hiring Managers: 92% satisfaction	Candidates: NPS 60 New Joiners: 97% report similar levels of of motivation after 2 months as on the day they joined

"NOS Alfa" numbers since the beginning of the program

This program, with a total duration of 12 months, aims at the development of trainees through rotation between two business areas, includes a very strong mentoring and follow-up program, combined with specific and tailor-made training.

260
Participants

87%
Average Retention per program

NOS Alfa
Juntos, no princípio de tudo

Since its start, a total of 260 candidates have already joined the programme, with experience in various areas of the company, which has an 87% average retention rate per program. The program has evolved according to the needs of the business and the changes in the work context.

In 2019, within the scope of the commitment to technological transformation, we took advantage of the solidity of the NOS Alfa corporate trainee program, to launch the technological branch of the program, called "Alfa tech", focusing on the areas of Advanced Analytics, Big Data, Cybersecurity, Software Development, System Engineering, Robotics, Multimedia, among others.

In 2022, motivated by the good results achieved by the evolutions of the previous programs, we recovered a format more focused on the on-site component, maximising knowledge and sharing among the trainees and ensuring an immersive experience in the NOS reality.

The overall feedback on the NOS Alfa onboarding week was quite positive (4.7 on a scale of 1 to 5), with almost maximum rating of the organisational capacity (4.9 out of 5). We therefore intend to continue to be a benchmark in attracting young graduates, attracting talent aligned with a culture and values of excellence and innovation.

INTERNAL MOBILITY PROGRAM

In 2022, we maintained the Internal Mobility Program, a development program for our employees, which aims at the learning of transversal skills and also a broader knowledge of our business.

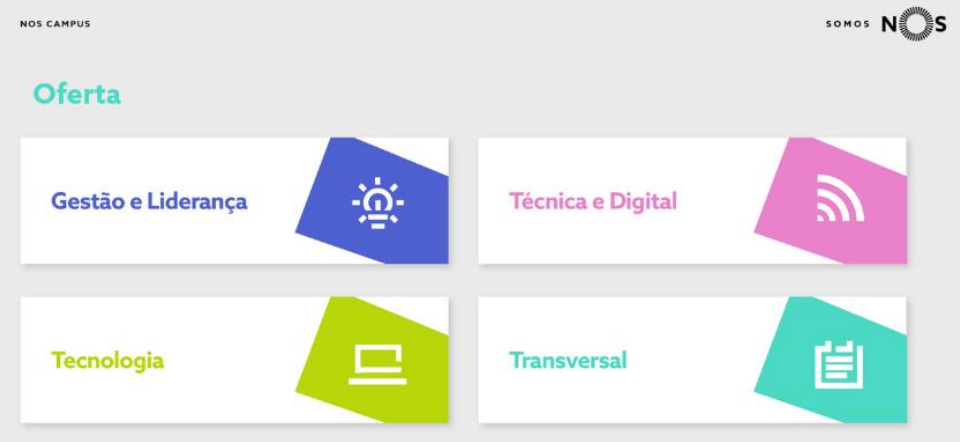
Since 2020, we have already carried out more than 350 mobility actions. In 2022, the index stood at 7.2% of the organisation.

CONTINUOUS TRAINING OF OUR EMPLOYEES

In 2022, we restructured and relaunched our development and training area, the NOS CAMPUS, to raise learning in the organisation to another level. We renewed more than 80% of the training offer to ensure that it is capable of meeting the current learning needs of NOS and of our people, both in terms of content and format. We centralised the entire training offer on a single platform, accessible to everyone throughout the year, developed to be user friendly, agile, and transparent, a living, regularly updated space that provides continuous access to training.

NOS CAMPUS operates in four key areas - Leadership and Management; Technical and Digital; Technology and Transversal - to strengthen our ability to undertake new goals, overcome challenges and

seize the growth opportunities that the future holds. The action areas are fully aligned with the organisation's strategy, serving simultaneously to sustain and enhance it.



AMONG OTHER TOPICS, IN 2022 NOS CAMPUS INVESTED IN FOUR RELEVANT FRONTS

Leadership development and the Leadershift program/movement

Training pack that, in addition to formal training, included individual and group coaching sessions. This issue was of such importance at NOS that a movement was created - the Leadershift - which, as the name suggests, is a movement of Leadership Shift, based on several initiatives, comprising several training actions that were highly customised to support and promote the change that is intended to be achieved with this movement.

Advanced Analytics FAAST (Forward the Advanced Analytics Smart Transformation) **Program**

The FAAST program was intended to disseminate and promote know-how about Advanced Analytics, from a prescriptive standpoint, which is a clear bet on NOS' current way of operating and acting. This training was built to bring this knowledge to various audiences, from the Executive Committee and Directors to Team Leaders and technical profiles, with different levels of depth and proficiency.

Cloud Training

Cloud technology is currently a fundamental pillar of NOS' business, and, like any technology, it is under permanent development, requiring a continuous learning structure that allows knowledge to be renewed and updated on a regular basis.

Training in technology and transversal subjects (e.g., languages) in a platform-supported self-paced study model

In the investment in self-paced study platforms that simultaneously allow for the adaptation of learning and its pace to the individual needs of each employee, being especially relevant in technological training and in transversal subjects such as language training.

In 2022, 308 training actions were held, totalling 34 547 hours of training, mostly online (73%), covering 93% of the organisation. This figure represents a substantial increase compared to 2021 (24 794 hours), driven by the restructuring and relaunch of NOS CAMPUS, but also by the greater contextual standardisation that allowed training to be resumed without constraints throughout most of the year.

34 547 hours
of training in 2022, representing an increase of about 39% compared to 2021

LEADERSHIFT PROGRAM/MOVEMENT

The leadershift program emerged within the scope of the redefinition of the current NOS culture, a culture of greater flexibility, autonomy, with more room for error, more action, and more agility. To promote leaders aligned with this culture and with the company's development process, capable of mobilising and keeping teams motivated, emotionally balanced, aligned, and efficient, NOS started a process of defining the profile of an NOS Leader, based on principles and behaviours.

Seven non-linear and action-oriented principles were defined, such as "etigridade" (Ethicality), which joins the word ethics and integrity; "cooperança", which joins the word trust and the word cooperation, and reflects the commitment to work in an environment of trust, with a focus on psychological safety; or "riscoragem", courage to take risks, to be able to innovate and accept mistakes as part of the learning process.

After the definition of the leader profile, a 360° Assessment followed based on that definition (in-depth internal consultation, involving a focus group, as well as a survey of employees) and finally the definition

of training actions that were highly customised to support and promote the cultural change that we want to achieve.

The training program has become an ongoing movement, involving, in addition to this main axis (of training):

- "Communication" with a focus on awareness and engagement, with the creation of a manifesto that conveys the message of what we want from our leaders, a leadershift kit - various self-reflection and team reflection exercises, and leadershift talks;
- "Assessment", with a focus on self-awareness.

3.3.7. New ways of working

The transformation of the work world has brought us the challenge of implementing new ways of working, more digital, more agile, and flexible. To this end, in 2022 we introduced changes to the workspaces in the various NOS buildings, with the aim of enabling our employees to work differently during their employee journey.

THE STRATEGY FOR THE RENOVATION OF THE SPACES WAS BASED ON THREE FUNDAMENTAL PILLARS

Innovation culture	**Flexibility**	**Digital**
To drive the adoption of a new culture focused on innovation and creative thinking	Leverage new ways of working, increasing the ratio of collaborative and social spaces	Equipping spaces with technology and ensuring employees can remain connected anywhere

- This transformation resulted in new types of space that promote new, more collaborative work dynamics induced in agility, creativity, and innovation. We also reorganised the departments into Hub Communities, with the allocation of preferential spaces for each department, and strengthened the hot desk, where each employee can occupy the place that best suits their daily work journey.
- In parallel, we have also created a wide range of team dynamics to help our employees find new ways of addressing the various challenges of the day, through greater collaboration between teams.
- We have also worked with managers to improve their well-being and balance, as well as their working practices, and launched the SMART Leadership Handbook, with short tips to help them bring their teams together, guide, care for and manage them.

3.3.8. Reorganisations

- NOS operates in a largely dynamic, competitive sector, an example of which are our concerns in attracting/ retaining talent and in the acquisition and development of the technical and behavioural skills of our people.
- In this sense, we regularly implement a set of practices and policies that allow us to respond effectively and swiftly to the challenges arising from technological and market evolution.
- Our approach is concerned not only with maximising the ability to respond to challenges from a collective point of view, but also to respond to individual needs and interests, placing our people in an environment of positive change and personal and professional growth.
- This attitude leads us to recurrently promote, in a sustained and responsible manner, internal mobility processes (and respective follow-up of the change), reskilling and upskilling initiatives, as well as attractive termination conditions, seeking to reduce the impacts of organisational restructuring.
- In 2022, the company did not resort to measures such as collective dismissals and lay-offs.

3.4. We Generate Value for Our Business Partners

We dynamize an ecosystem of suppliers and partners, investing in the alignment of values and mutual growth

3.4.1. Supply chain and boosting the local economy

The purchases that NOS conducts contribute to boosting the national economy. In 2022 we had more than 6,250 suppliers and the procurement volume was slightly over EUR 1,575 million, 86% of which from national suppliers. Our activity, and in particular the telecommunications business, the segment with the greatest weight in supplier payments (88% in 2022), thus helps to boost a considerable network of suppliers/partners and, with a majority of supplies being national, generates a considerable positive boost to the local economy.

The most relevant supply areas are related to the acquisition of the spectrum licence and equipment related to the 5G technology, interconnection costs, equipment, and IT services.

PARTNERSHIP ECOSYSTEM

We promote a wide ecosystem of partnerships that we view as a catalyst in achieving our strategic priorities, boosting our ability to deliver a diversified and innovative value proposition, and fostering mutual growth.

Our partnerships are key to strengthening our capacity to deliver technological innovation, innovation in supply models or environmental and social innovation, allowing us to expand our business and that of the partners involved.

The partnerships [39] that we have established are quite comprehensive: ranging from (i) the fostering of technology-based entrepreneurship; (ii) the joint offer with major technology players, focusing on the digitalisation of the corporate segment; (iii) the implementation of research and development and sustainable innovation projects; (iv) the diversification and complement of the offer for the consumer segment with adjacent products and services and complementary benefits, involving a wide range of agents such as AWS, Lleida.net, Microsoft, EDP, or Habit, positively impacting their activity and ours and benefiting both customers and society.

Throughout this report concrete examples of these and other partnerships and the benefits provided are mentioned and detailed, with special focus on the sections "2.3.1 A Unique Combination of Differentiating Assets", "3.2 Value for Customers and for a More Evolved Society " and "3.5.4 Promoting Sustainable Innovation".

3.4.2. Ethical and Responsible Supply Chain Management

Our Suppliers and Business Partners are an integral part of our value chain and, consequently, a key element to maintain the levels of innovation we pursue, and to guarantee the quality of the solutions and services we develop and commercialize, also influencing our economic, social, and environmental impact and performance.

GUIDING PRINCIPLES

In order to promote the alignment of our partners and suppliers with the NOS standards of quality, ethics and sustainability, and to minimise the impacts of our activities, both today and in the future, we have developed a set of guiding principles and policies that serve as a basis both for our actions towards these, and of these towards NOS. These principles and guidelines are formalised and communicated through two key documents:

- NOS Code of Ethics - short version for Suppliers and Partners, and
- Sustainability Requirements for Suppliers and Partners.

NOS Code of Ethics [40]- short version for Suppliers and Partners

Establishes our commitment to the integration of ethical, environmental, and social factors in the supply chain and through which we encourage and promote the adoption of the best sustainability practices in the operations of our Suppliers and Business Partners.

(39) Information about our main partners is available on our website at:https://www.nos.pt/empresas/transformacao-digital/parcerias/Pages/default.aspx Parcerias (nos.pt)

(40) More information on the code of ethics, including the version for suppliers and ethics training for partners, in "Ethics and Conduct "

Sustainability Requirements for Suppliers and Partners[41]

They present the guidelines that reflect the essence of our positioning, commitment and action in terms of sustainability, and that should be adopted by all NOS Suppliers and Partners, being aligned with the national and European Community legal framework, with the standards and principles of international law and international benchmark initiatives in the ethical, social and environmental fields, as is the case of the United Nations Global Compact, the Universal Declaration of Human Rights or the Fundamental Rights at Work of the International Labour Organisation.

Additionally, we subscribe to various external initiatives that strengthen and publicly state our commitment to promoting integrity and responsible management of our business, both internally and throughout the value chain, such as the BCSD Portugal Charter of Principles or the CEO's Guide on Human Rights.

The Sustainability Requirements for Suppliers and Partners are communicated to all Suppliers and Partners (100%) and are an integral part of the General Conditions for the Supply of Goods and Services to the NOS Group sent to Suppliers in the market consultation processes. Within the scope of the supply of products and services to NOS, Suppliers are obliged to fully comply with the provisions of the Requirements, insofar as they are applicable to the supply in question. They are also obliged, in case of subcontracting, to make these requirements known to their subcontracted parties and ensure that they guarantee the respective compliance.

ALIGNMENT AND PREVENTION, MONITORING AND CONTROL MECHANISMS

In addition to the established principles and policies, we have several mechanisms that help us influence and maintain a supply chain aligned with the excellence that we intend to offer and with the values and standards that we defend at the environmental, social and governance areas. These are mechanisms that contribute to the prevention, identification and minimisation of potential environmental risks and impacts related to human rights, labour, and other fundamental rights. Some of these mechanisms, such as the suppliers' selection and evaluation, also ensure the existence and application of standards and rules that promote equitable access and transparent and fair management of our business relationships, within a framework of healthy competition.

Supplier selection

Given the importance of the participation of Suppliers and Partners in our activities, we pay special attention to the selection and relationship we establish with them.

Through the Procurement Manual, we guarantee the implementation of best practices in terms of the procurement process within the Group, and we establish rules and principles for consultation, subsequent award, and process control. In this way, we ensure careful risk management, maximising gains, and we contribute towards developing and maintaining a healthy and long-lasting relationship with our Suppliers.

The selection of our suppliers is conducted in accordance with objective criteria, taking into consideration the technical, economic and compliance with the required obligations and certifications. This process is supported by an electronic platform, with recognised credibility in the market. At the end of each formalisation, a survey is carried out among technically valid suppliers to assess their satisfaction regarding the conduct of the negotiation process, the quality of information provided and the user-friendliness of this platform.

We also apply evaluation processes that include criteria related to the ethical, environmental, and occupational health and safety performance of potential suppliers, which allows an initial assessment of the risks associated with their contracting. As a result, we verify a very low level of non-compliance or non-conformities in the provision of services by Suppliers, with high indices of satisfaction regarding the process itself.

Supplier Evaluation

Supplier evaluation is essential to identify improvement opportunities in the service provided and to continuously improve supplier management. In this context, we conduct an internal annual Supplier evaluation process, selected according to criteria of relevance/criticality for the business, billing volume, suppliers that interface directly with the NOS customer, representing the Company, with a previous evaluation of under 70%, among others. The evaluation methodology includes 8 analysis criteria (including, since 2019, ESG criteria), and metrics were defined to render the exercise more objective and comparable between different evaluations, and the respective weighting to be considered in the final evaluation.

(41) The Sustainability Requirements for Suppliers and Partners are available on our corporate website - here

Analysis criteria of the supplier evaluation process

- Proactivity, competitiveness, customer orientation, responsiveness to requests and problem solving
- Compliance with Contractual Conditions, Service Level Agreements (SLA's), Service Level Objectives (SLO's)
- Compliance with deadlines, delivery time, response, and resolution time
- Quality in technical and operational performance and level of follow-up
- Quality of materials, products, and services
- Ethics
- Environment and Occupational Health and Safety
- Security & Privacy (covers security, privacy and resilience of products and services))

To ensure the excellence of the services we provide and that are provided to us, suppliers with lower overall scores (< 70%) are encouraged to improve their performance through a continuous improvement process, which includes meetings with key stakeholders in our company and a mid-term evaluation process. The focus of the process is on pushing for continuous improvement; however, it also allows for rational selection and disqualification for future contracting processes.

These processes are coordinated by the Procurement Department, which has ultimate responsibility for supply chain management, reporting directly to the CFO, who ensures supervision of these matters and coordinates with the Board of Directors.

SUPPLIER EVALUATION CARRIED OUT IN 2022

In the 2022 evaluation, referring to supplies provided in 2021, 6% (11) of the 185 suppliers evaluated obtained scores below 70%.

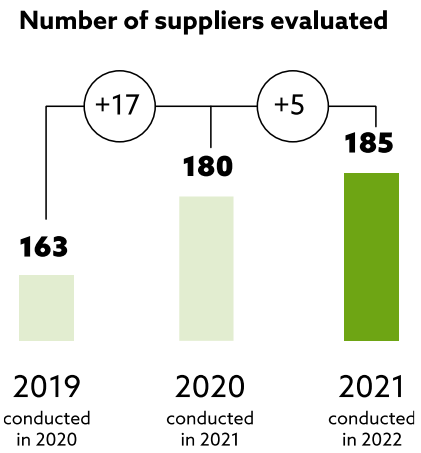
185 Evaluated Suppliers (+5 than in the previous process)

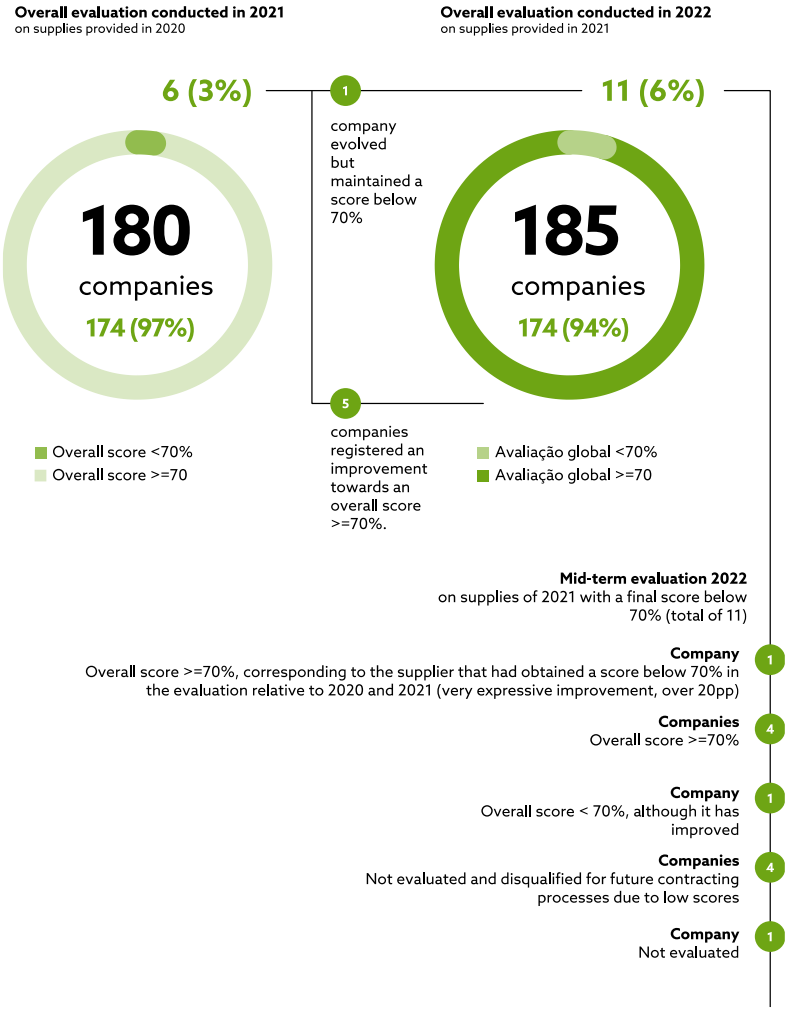
- 495 surveys sent
- 25 Departments involved in the Evaluation process
- 276 surveys answered (56%) - All Departments replied, and all suppliers were evaluated - to ensure results, surveys are sent to more than one person in each involved Department for a given supplier

174 Suppliers with score >= 70%

- Corresponds to 94% of the suppliers analysed (slightly lower than the previous year's evaluation)
- With regard to criteria concerning ethical aspects, 4 suppliers obtained an average score below the desirable threshold (70%), which represented an increase compared to the previous year's evaluation
- With regard to criteria concerning environmental aspects and occupational health and safety, no supplier where this component was considered applicable to the supply in question obtained an average score below the desirable threshold (70%), which represents a decrease compared to the previous year's evaluation.

Number of suppliers evaluated





Comparing the results of this evaluation with those carried out in 2020, it can be observed that of the 6 suppliers who then had an evaluation below 70%, all showed a positive evolution, and 5 were above 70%, with an increase of 10pp or more. The only case that remained below this threshold managed to remain close to the threshold, having improved by 8pp. In view of the scenario verified, no contracts were terminated for any of these 6 suppliers.

In the intermediate evaluation process for 2022, of the 11 suppliers that obtained a score below 70% in the evaluation for 2021, it was possible to verify that the supplier mentioned above, as not having yet managed to reach this threshold, has now clearly surpassed it, having achieved a very expressive improvement of over 20pp. Of the remaining 11, all those that were re-evaluated improved, although in one case it still remains below the desirable threshold. Four of them, however, due to low scores, were disqualified for future contracting processes.

DEVELOPMENT OF A DEDICATED SUPPLIER ESG PERFORMANCE EVALUATION QUESTIONNAIRE

NOS plans to strengthen the evaluation of suppliers in the ESG areas, with a process specifically dedicated to these aspects, and has defined as a strategic goal the environmental and social evaluation of 100% of risk suppliers by 2025. With the implementation of this process, it will be possible to extend the effect of inducing improvements in supplier management processes.

100%
Environmental and social evaluation of risk suppliers
(Strategic goal until 2025)

A decisive step towards achieving this goal was taken in 2022, with the start of the parameterisation of a questionnaire and respective evaluation framework, which includes questions in the field of environmental, social, and responsible governance performance. The questionnaire and framework provide for the sending of supporting evidence to the replies, with an associated scoring system to leverage benchmarking and the recording of evolution trends. The system is being developed internally, in order to be simple, intuitive, and aligned with best practices in this field and with the NOS goals. It is expected that the stabilisation of the questionnaire and framework, as well as its disclosure and pilot test will take place during 2023. Simultaneously, a supplier-relationship program is being developed in order

to promote correct understanding and participation in the NOS procurement system, as well as an opportunity for effective improvement of management practices and alignment with the goals that NOS intends to achieve.

OTHER MECHANISMS

Risk management and internal control system [42]:

Our risk management and internal control system, which enables us to anticipate and minimise the risks inherent to the activity developed, rates and groups the types of risk according to a risk dictionary, which provides risk typologies, including potential causes or drivers, such as Ethics, Social Responsibility, Occupational Health and Safety, Partner Management/ Outsourcing, Employee/Partner Fraud, Sustainable Products and Services, Environmental Impacts or Climate Change, among others. It also includes structures and routines for continuous risk monitoring and control, as well as a routine annual identification of the main risks that may impact the business ability to achieve its priorities and strategic goals, leading to the definition of prevention and mitigation measures for the risks identified as a priority, based on their probability and impact.

To this extent, if and whenever any risk directly related to the topics of internal responsible management or that affects the value chain assumes a significance above the level of acceptance, it becomes the object of processes, initiatives and/or appropriate actions to address or mitigate it.

Channels for clarifying doubts and reporting irregularities:

These channels may be used by suppliers or partners wherever they see fit (see more information in 4.2.3 Ethics and Conduct).

Certifications and other forms of evaluation and commitment:

In the Occupational Health and Safety Management System, certified by ISO 45001, a program of internal and external audits is implemented. When the audited process involves a Supplier or Partner, the process of that Supplier or Partner is also audited in the audit that assesses the environmental and social requirements defined by those standards and the internal requirements defined by NOS. In 2022, within this scope, external audits were performed by the certifying entity, involving several areas/activities in which contracted third parties are involved, such as building management (Workplace) and occupational medicine (People Services).

(42) More information about this system, methodology, and main responsibilities can be consulted in the Risk Management Policy, available on our institutional website or in sub-chapter 4.2.2. Risk management

3.4.3. An investment in joint growth and improvement

NOS invests in the evaluation and continuous improvement of suppliers and partners, as crucial links that help to ensure operational excellence and to ensure the provision of a good service to customers. This process is a driver of alignment and improvement in the provision of services to NOS, but it is also likely to boost positive effects on the internal management standards of these agents and/or on their employees, reflected in gains that go beyond the strict context of the relationship with NOS.

On the other hand, the evaluation process is communicated annually to suppliers, and those companies that obtain higher scores may use these results as a lever for their application in supplier selection processes with other companies for which they propose to provide services, which may be reflected in a competitive advantage for these processes.

TRAINING OF SUPPLIERS/PARTNERS

The training provided by NOS to its suppliers/partners is also a process that simultaneously promotes their alignment with its principles, processes, and demand standards, while also enhancing positive reflexes on the management standards of the agents themselves, and/or on the skills of their employees, thus contributing to their professional development.

Environmental management and sustainability training
The topic of Sustainability and environmental management is addressed both in the training courses for own and franchised stores and on the NOS Academy online platform directed at the sales/commercial teams

Without prejudice to other training courses, the most common and recurrent are related to ethics and conduct, information security, occupational safety and health, environmental management and sustainability, and commercial and customer service techniques.

RECOGNITION OF THE POSITIVE IMPACT OF NOS PROCUREMENT MANAGEMENT FOR COSTUMERS AND PARTNERS

The NOS Procurement Department saw its practices recognised, in the ability to generate impact for the business, reflected in the generation of value for customers and partners. This recognition was obtained within the scope of the 13th edition of the EIPM-Peter Kraljic Excellence Awards.

Since 2010, these awards have recognised Procurement organisations around the world for the exemplary and inspiring quality of their practices. In the 2022 edition, the Awards recognised Procurement organisations around the world that have demonstrated outstanding practices and results in the way they have managed the current challenging context and delivered value to their company, their stakeholders and society.

The winners of these awards are selected by a jury that includes industry leaders and the award is the culmination of an objective and comprehensive systematic selection process. Companies are initially selected as finalists by the jury, based on their responses to a questionnaire based on the EFQM/EIPM excellence model. Finalists are then subject to an interview or validation visit, during which their practices are discussed and challenged against the best practices by a team of experts.

This award recognised, through the "Impactful Business Orientation" category, NOS' ability to, while focusing on value for customers, generate value for its ecosystem of suppliers and partners, through the ability to channel mutual development that benefits the business itself and these agents, based on the attributes referred to in " 2.4.1. Recognitions", thus attesting to the ability to induce growth and joint improvement.

The recognition obtained highlights the introduction, by the procurement team, of improvements in the processes it conducts, driven by systematic processes for gathering feedback from both internal stakeholders ('procuring' business units) and external ones (suppliers). These involve satisfaction surveys on the consultation procedures in which they participate and assess necessary improvements resulting therefrom. They also reflect a "Supplier Relationship Management (SRM)" program that has been developed, aimed at strengthening relationships and increasing the contribution to and involvement in the innovation processes that characterize the NOS business model.

3.5. We Generate Value for the Planet and for a Sustainable Society

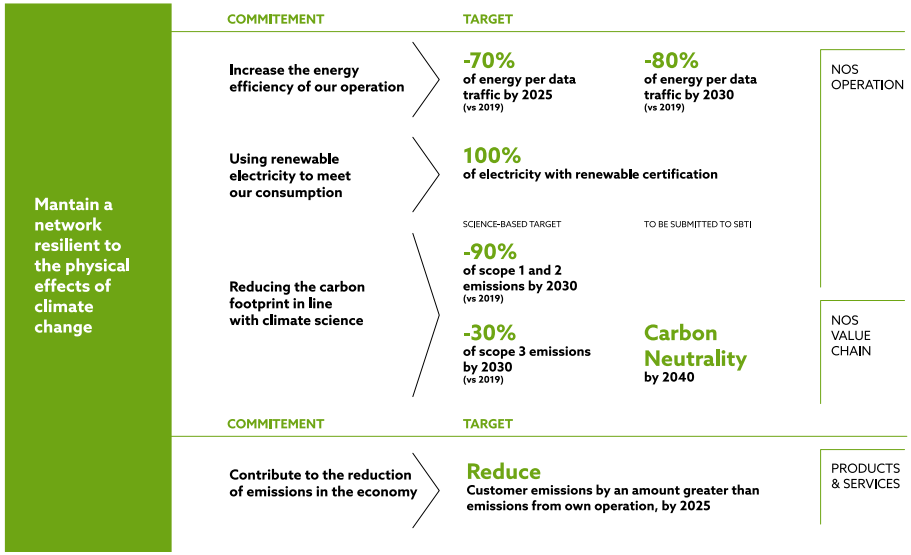
3.5.1. Climate and Energy

OUR CLIMATE STRATEGY AND GOALS

NOS' climate strategy is built around two key commitments: to increase the energy and carbon efficiency of our operation and that of the value chain; and to contribute to the climate transition of the economy, through innovative products and services that reduce customer emissions.

These commitments are translated into quantified targets, formally integrated into the NOS Next Generation 2021-2025 business strategy, and into the NOS Sustainability-Linked Financing Framework, which frames our issue of sustainable financing instruments.

OUR CLIMATE STRATEGY



NOS Science-Based Target (SBT) commits us to reduce 90% of greenhouse gas (GHG) emissions from own operation (scope 1 and 2) and 30% of emissions from the value chain (scope 3) by 2030, compared to 2019 figures.

As a founding member of the European Green Digital Coalition, we are also committed to being fully carbon neutral by 2040. In 2022, we have undertaken to review this target in line with the SBTi Corporate Net-Zero Standard requirements, including the integration of emissions from the value chain, and to have it validated by the Science Based Targets Initiative.

NOS is committed to consuming 100% of electricity produced from renewable sources in its own operation. However, due to the exceptional circumstances of the energy market throughout 2022, we were unable to achieve this goal this year, having consumed 81% of electricity with renewable certification.

We also continued to evolve in the way we monitor and rationalize consumption; having already reached the 2021 target set for 2030, we adopted a new energy efficiency target, more ambitious and in line with our SBT.

We actively participated in corporate sector initiatives that support clear public policies aligned with the 1.5°C scenarios, in particular the European Green Digital Coalition and the Digital With Purpose program of the Global e-Sustainability Initiative (GeSi), a collective movement of companies from the Information and Communication Technologies sector committed to achieving the objectives of the Paris Agreement and the 2030 Sustainable Development Goals. We were also signatories to the Manifesto Towards COP 27, through which member companies of the Business Council for Sustainable Development (BCSD) Portugal called for decisions to be taken to implement six priority lines of action to meet global climate goals.

In December, our path was recognised internationally, with the integration of NOS in the A List of the CDP Climate 2022 Program, corresponding to the top tier of performance and disclosure of corporate climate strategies.

NOS on the CDP Climate A List 2022

In 2022, we were included, for the first time, in the A List of the CDP Climate Programme, corresponding to the maximum score (A) in terms of performance and transparency in fighting climate change, according to the CDP - Disclosure, Insight, Action assessment.

This was NOS' third participation in the CDP Climate Program, where we have been evaluated at the Leadership level since the very first year. In 2022, we strengthened the rating obtained in various criteria, including emissions accounting, reduction, and targets; management of climate risks; and governance of the topic in the organisation.

Only 283 of the more than 18,700 companies assessed worldwide made the CDP Climate 2022 A List. We are the only telecommunications company assessed by CDP in Portugal and our rating is consistently higher than the sector average, internationally.

In a partnership with The Lisbon MBA Católica | Nova, we developed a project to assess the potential of an Internal Carbon Price as a decision support tool. Different approaches and methodologies were explored, with emphasis on the use of shadow prices and internal carbon fees, and identified the benefits and barriers associated with the implementation of each model. By internalising the cost of emissions, an Internal Carbon Price allows the integration of the carbon variable in the financial analysis of investments, products, and business models, giving new visibility to climate risks and opportunities in own operations and in the value chain, and making emission reduction projects economically more attractive. This is a tool that we will further explore in 2023, with the objective of assessing the feasibility of advancing towards its implementation by the end of the year.

The risks and opportunities associated with climate change have for several years been integrated into the NOS risk management model (more information in 4.2.2. Risk Management). At the end of 2022, we started a detailed characterisation process of these risks and opportunities, which will include the assessment of the resilience of our business strategy under various climate, physical and transition scenarios. This exercise will allow us to complete the reporting on the strategic implications of climate change for our business, which will then include all the disclosures recommended by the Task Force on Climate-related Financial Disclosures (TCFD) (more information in 6.2. Adoption of the Recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD)].

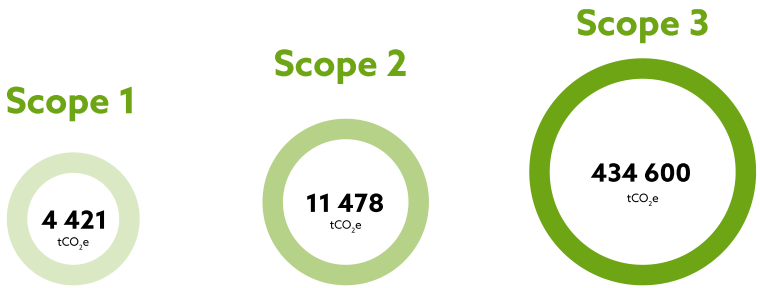
MANAGING THE CARBON FOOTPRINT

Managing our carbon footprint means monitoring and reducing emissions from our own operation (scope 1 and 2), but also the emissions we induce in the value chain, upstream and downstream of our direct operation (scope 3).

In 2022, we initiated a phased process of supplier engagement to collect specific information on the carbon intensity of our purchases, an essential step to define reduction initiatives. Priority was given to equipment that we purchase to provide to the customer, and which represents around 10% of emissions in categories 1 and 2 of scope 3 (purchased goods and services production).

By participating in the Eco Rating project, we will have data on the environmental impacts throughout the life cycle of the mobile phones we sell, including GHG emissions associated with the extraction of raw materials and the manufacturing process. For fixed service equipment (set-top boxes, routers and hubs), suppliers representing 13% of the equipment purchased already provide this information and we expect to have all main suppliers covered during 2023.The next objective is to also have specific data for emissions from the production of the equipment we install in our telecommunications network, thus reducing the use of sector proxies based on financial information, which may not faithfully reflect our reality

OUR CARBON FOOTPRINT IN 2022



[SCOPE 3]
SUPPLY CHAIN

- **Network and customer equipment production** (C1 e C2)
- **Extraction and processing of fuels** (C3)
- **Logistics and distribution** (C4 e C9)
- **Operation waste** (C5)
- **Business travel** (C6)
- **Commuting** (C7)
- **Shared sites of other operators** (C8)

[SCOPE 1 E 2]
NOS OPERATION

- **Telecommunications network operation**
- **Backoffice buildings**
- **Own Stores**
- **Fleet**

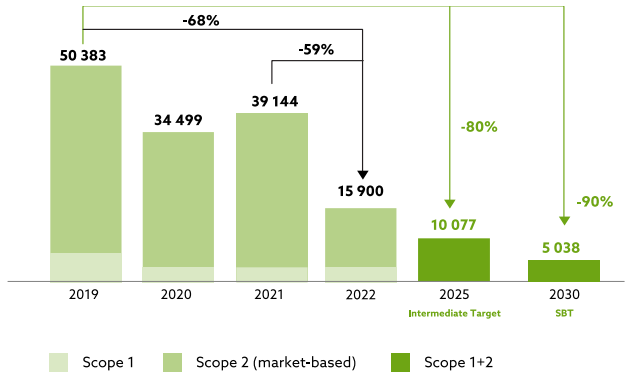
[SCOPE 3]
USE OF PRODUCTS AND SERVICES

- **Use of P&S by customers** (C11)
- **End of life of customer equipment** (C12)
- **Franchising stores** (C14)
- **Investment in subsidiaries** (C15)

Carbon footprint						t CO2e
	2019	2020	2021	2022	Δ 21-22 (%)	Δ 19-22 (%)
Scope 1 - Direct emissions	**7 320**	**3 569**	**3 514**	**4 421**	**26%**	**-40%**
Fuel consumption - fleet	4 571	3 017	3 031	3 584	18%	-22%
Fuel consumption - facilities	119	85	94	99	6%	-16%
Fugitive emissions of fluorinated gases	2 630	467	389	738	90%	-72%
Scope 2 - Indirect Energy Emissions - Market based method	**43 064**	**30 929**	**35 630**	**11 478**	**-68%**	**-73%**
Electricity consumption - Market based method	42 083	30 226	34 856	10 733	-69%	-74%
Electricity consumption - fleet				*5*		
Electricity consumption - facilities				*10 727*		
Electricity consumption - Location based method	55 289	47 104	38 780	43 063	11%	-22%
Electricity consumption - fleet				*21*		
Electricity consumption - facilities				*43 042*		
Thermal energy consumption	980	703	774	746	-4%	-24%
Scope 3 - Other indirect emissions	**463 094**	**428 343**	**448 072**	**436 447**	**-4%**	**-6%**
C1 - Purchased goods and services	95 146	101 260	116 829	110 338	-6%	16%
C2 - Capital goods	161 043	177 742	199 909	216 655	8%	35%
C3 - Energy, not accounted for in scope 1 and 2	12 610	10 843	13 023	13 720	5%	9%
C4/C9 - Outsourced logistics and transportation for multi-operator retail	365	338	361	348	-3%	-5%
C5 - Waste generated in operations	169	109	81	93	15%	-45%
C6 - Business travel	733	153	39	413	961%	-44%
C7 - Employee commuting	1 181	429	164	213	30%	-82%
C8 - Equipment on third party sites	8 338	6 869	6 140	5 494	-11%	-34%
C11 - Use of sold products	167 587	119 093	104 065	75 128	-28%	-55%
C12 - End of life of products and packaging	137	203	225	311	38%	128%
C14 - Franchised shops	452	284	215	182	-15%	-60%
C15 - Investment in affiliated companies and joint ventures	15 331	11 021	12 277	11 706	-5%	-24%
Total scope 1 + scope 2 - Market-based approach	**50 383**	**34 499**	**39 144**	**15 900**	**-59%**	**-68%**

Total scope 3 emissions in 2021 revised due to category 15 value correction.

Scope 1 and 2 emissions: Own Operation (tCO_2e)



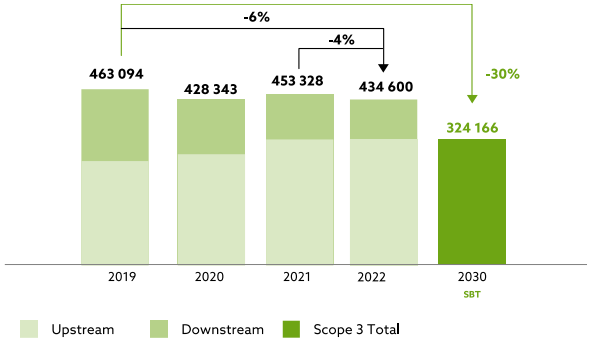
In 2022, emissions from our operation decreased by 59% compared to the previous year. The reduction was 68% compared to the 2019 base year, a reduction greater than that corresponding to a linear evolution between the base year value, the 2025 intermediate target (-80%) and the SBT set for 2030 (-90%).

The sharp reduction in emissions in scope 2 (-68%), resulted from the consumption of 81% of electricity with renewable origin certification. This decrease countered the increase in scope 1 emissions (+26%), resulting from the resumption of our fleet's circulation levels, but also from the detection and repair of fluorinated gas leaks in a set of air conditioning equipment in cinemas. We are progressively replacing this type of fluid for alternatives with less climate impact: in 2022, 10% of the total amount of gas contained in air conditioning, refrigeration and fire extinguishing systems had a reduced or zero Global Warming Potential (GWP), an increase of 3 p.p. compared to the previous year.

We have a plan for the full electrification of our fleet by 2030, which will result in a structural reduction of our direct emissions. Until we have a fully electric fleet, we voluntarily offset the respective unavoidable emissions by contributing to a reforestation project in areas affected by wildfires in the North and Centre regions of Portugal. The CO2 removed from the atmosphere will be equivalent to the emissions resulting from the fuel consumed by the fleet. After SBTi has defined detailed eligibility criteria

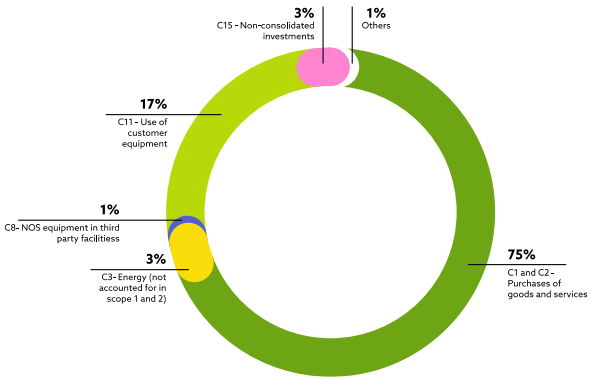
for projects and carbon credits in the context of neutrality targets, we will adjust, if necessary, our neutralisation strategy and explore new possibilities for the neutralisation of residual Scope 3 emissions.

Scope 3 emissions: Value Chain (tCO_2e)



Total scope 3 emissions in 2021 revised due to category 15 value correction

Scope 3 by category 2022



Total scope 3 emissions decreased by 4% compared to 2021. As we started quantifying emissions from the production of customer equipment (category 1) based on specific data from our suppliers, we were able to identify improvements in the carbon intensity of raw materials and manufacturing processes. Concurrently, the placing on the market of refurbished equipment (boxes, routers and, more recently, also smartphones) reduces the emissions associated with the production of new equipment.

The energy efficiency of new customer equipment continued to increase, particularly in the fixed segment, thus reducing the emissions associated with their use (category 11). On average, each new piece of equipment that we place on the market in 2022 will emit, over its useful life, 14% less carbon than the models provided in 2021.

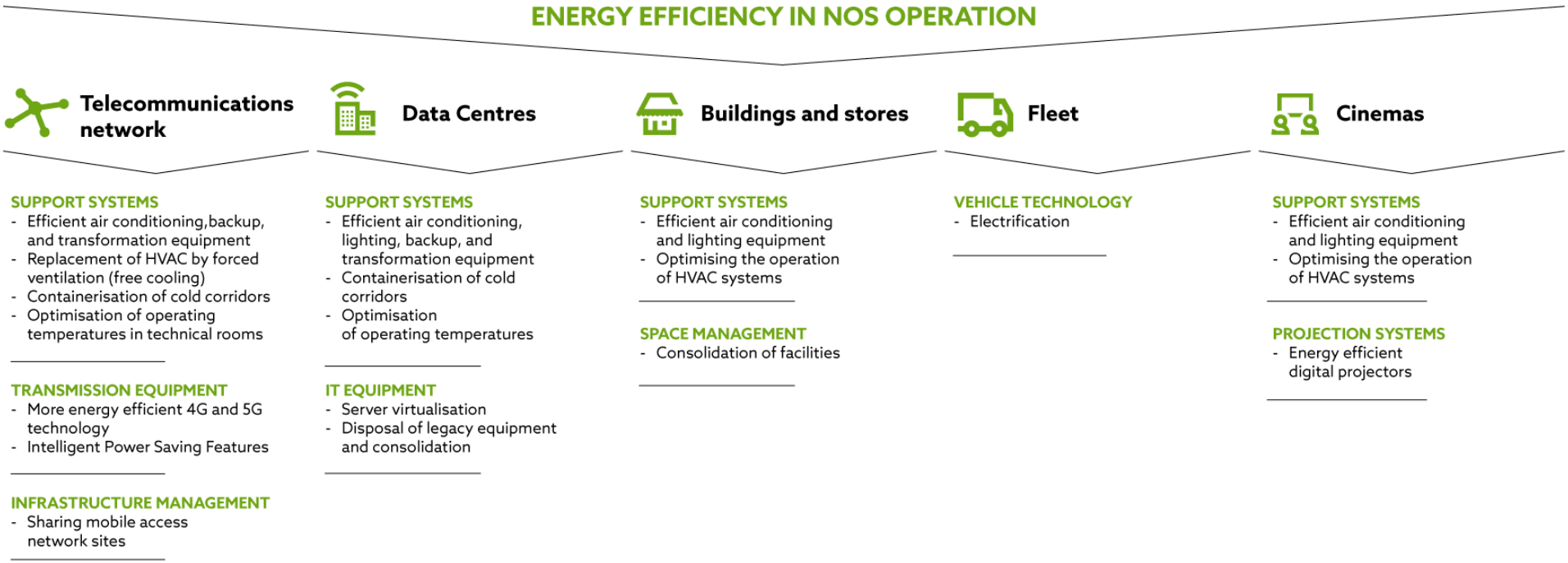
Emissions associated with the production of purchased capital goods (category 2) increased, mainly due to the strong investment in 2022 in the expansion of our 5G network. As we still use a financial approach to account for these emissions, the growth was in-line with the size of the investment. We are assessing ways to improve the accounting of this emissions category.

ENSURING AN ENERGY EFFICIENT OPERATION

Our operation consumes over 212 GWh of energy annually, 92% of which is electricity. In 2022, 83% of this energy was consumed in the technical infrastructure. With the growing adoption of digital solutions, data traffic on our network has been increasing rapidly (+134% between 2019 and 2022), also increasing the operation's energy needs.

The main challenge is to contain the increase in electricity consumption in the network infrastructures, while ensuring the processing of increasing volumes of data, with higher speed and better experience for customers. Our energy efficiency program also covers the remaining technical infrastructures, namely the dedicated Data Centres, the support activities (buildings, stores, and fleet) and the cinema network.

Our energy efficiency program



In 2022, we made a strong investment in the expansion of the 5G mobile network, and we are currently the operator with the largest national coverage, reaching more than 87% of the Portuguese population. The new equipment, despite being more efficient (lower energy consumption for the same volume of traffic) increases absolute consumption. The expansion of installed capacity caused total electricity consumption in our telecommunications network to increase 39% compared to the previous year.

In order to limit energy consumption, throughout the year we activated, across the board, new intelligent network management features, which reduce energy consumption in periods of lower traffic (Power Saving Features), generating savings of around 5 to 10%. We will continue to invest in this area in 2023, exploring the additional potential of 5G equipment and advanced analytical models, based on machine-learning, which allow forecasting periods of lower usage and maximizing savings.

We also launched a project to optimise the air conditioning of technical rooms, which will cover 144 facilities of the fixed and mobile network throughout the country (56% of our own rooms). The strengthening of the insulation of containerised corridors and the review of air flows and sensors allows the rooms to operate at temperatures in line with international standards, without loss of performance. The average increase of 2.5°C reduces the use of air conditioning systems, with an estimated saving of around 2.5% in electricity consumption.

The mobile network infrastructure sharing program continued to be implemented, with about half of the sites covered already operating. The new shared use regime rationalises the use of resources, allowing energy savings of 30 to 40%, under similar settings and traffic conditions, compared to a scenario in which each operator uses its own sites. The implementation of the program will be completed by the end of 2023.

The overall energy consumption of the NOS Group - which includes, in addition to the telecommunications network, support activities, Data Centres and cinemas - increased 27% over the previous year, driven essentially by the growth of the energy needs of the network, but also by the recovery of activity levels in the fleet, retail network and cinemas.

We are adjusting our backoffice buildings, reducing the number of spaces and consolidating facilities into more modern and efficient buildings, organised to meet the needs of new hybrid working models ("on-site" and "remote"). In 2022, we reduced the occupied area by 9% and the buildings as a whole consumed 23% less energy than in 2021, despite the resumption of on-site work. Throughout the year, we conducted energy audits that described in detail the consumption of the main buildings and identified additional opportunities for savings, which are being assessed.

We also conducted an energy audit program in our own stores network, having identified opportunities for optimization in HVAC and lighting systems, with a potential saving of around 20% of total electricity consumption. Some of these measures have already started to be introduced in 2022, such as timing the use of screens and other digital communication supports and the installation of LED lighting in the renovated stores. Consumption in stores increased by 10% compared to the previous year, due to the lifting of the restrictions in 2020 and 2021 but remaining 11% below the Covid-19 pre-pandemic figures.

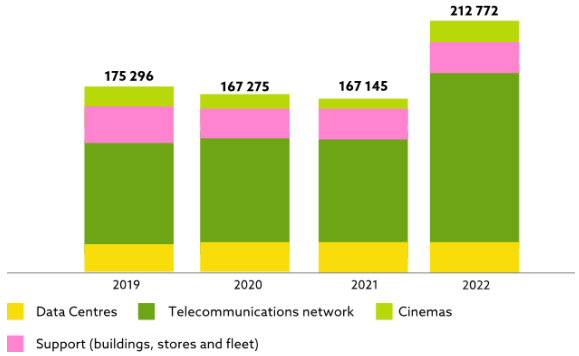
In the fleet, we are implementing an electrification plan that will be completed in 2030. In 2022, we added 54 electrified vehicles to our fleet (+52%), which had 15% of these vehicles at the end of the year (13.8% plug-in hybrid and 1.5% electric), an increase of 2.3 p.p. Energy consumption, considering fuel and electricity, experienced an absolute increase of 19% compared to the previous year, but remained below (25%) the 2019 figures. The fleet became more efficient, with an average consumption per km 2% lower than in 2021.

To measure energy performance, we use an efficiency indicator that correlates energy consumption and data traffic. In 2021 - nine years ahead of schedule - we reached the target set for 2030, having reduced energy consumption per unit of traffic by 85% compared to the base year 2015. This year, we have established a new, more ambitious efficiency target and revised the methodology for calculating the associated Key Performance Indicator. The new formula translates more accurately the energy performance of the telecommunications service we deliver and reflects our current operational reality, in particular the sharing of network infrastructures with other operators and the efficiency gains expected from this option. Our goal is to achieve an 80% reduction in energy consumption per data traffic in the telco service by 2030, with an intermediate target of -70% by 2025.

In 2022, the new energy consumption per data traffic ratio rose 10% compared to the previous year but was 47% below the figure recorded in the base year of 2019. The negative evolution of the efficiency indicator in 2022 is due to the rapid expansion, experienced this year, of the installed capacity of our 5G network, whose full use will only be achieved in the coming years, which will show the energy efficiency gains of this technology, expressed in consumption per unit of traffic.

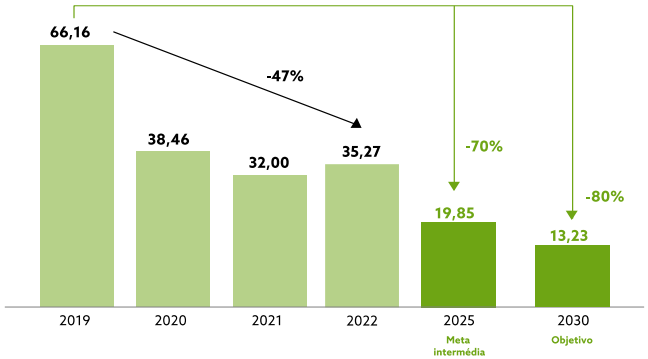
TOTAL ENERGY CONSUMPTION AND EFFICIENCY INDICATOR

NOS Group Total energy consumption (MWh)



Considers all forms of energy consumed by all activities of the NOS Group, at company facilities.

Energy consumption of the telecommunications service per data traffic (kWh/TB)



Considers all forms of energy consumed in activities related to the provision of the Telco service (fixed and mobile network and support activities), at NOS and third-party facilities.

A new metric and a more ambitious energy efficiency target

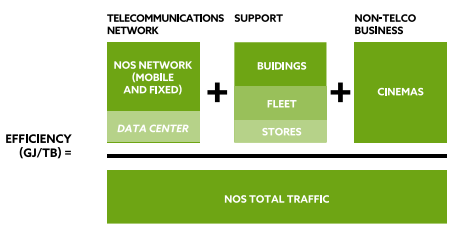
Since 2015, we have been monitoring our energy performance, using an efficiency indicator that correlates energy consumption and data traffic.

Between 2015 and 2021, the traffic volume on our network increased almost sevenfold, driven by the rapid growth of new data-supported services, such as streaming. With the efficiency measures we have implemented across the operation - with emphasis on the technological transformation of the telecommunications network - we have managed to contain energy consumption, which in the same period grew by less than 1%. The global consumption per data traffic ratio decreased 85% between 2015 and 2021, nine years ahead of the 2030 goal.

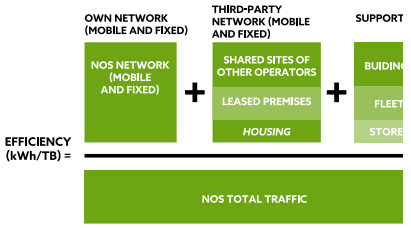
In 2022, we decided to review the methodology for calculating the indicator, focusing on the energy performance of our core service - telecommunications - and including the third-party facilities we use.

The new KPI excludes activities we develop that do not contribute to the telecommunications service: Data Centres dedicated to data processing and storage services; and cinemas in our Audiovisuals & Cinema segment. Support activities (Backoffice buildings, own stores and fleet) continue to be included, but we have also started to account for the energy consumption of equipment we use, but which is located in third-party facilities, which includes infrastructures under housing regimes, leased facilities where energy costs are borne by the owner, and sites shared with other operators, an option increasingly adopted, due to the rationalisation of resources it represents.

INDICATOR 2015-2021
Total energy consumption in NOS facilities



NEW INDICATOR 2019-2030
Energy consumption associated with the Telecommunications service, at NOS or third-party facilities



We also defined a new target for the indicator's evolution (-80% by 2030, with an intermediate goal of -70% by 2025), aligning the base year with that of our Science-Based Target for emissions reduction (2019). We have thus assumed a baseline more suited to the efficiency level of the current network technology, which makes the new target more ambitious and will stimulate new energy-saving initiatives.

CONSUMING RENEWABLE ELECTRICITY

The consumption of renewable energy is a fundamental part of our operation's decarbonisation strategy. The emissions associated with the production of the electricity we consume represent - in a business-as-usual scenario, without contracting tariffs or renewable certification instruments - around 90% of the carbon footprint of the own operation.

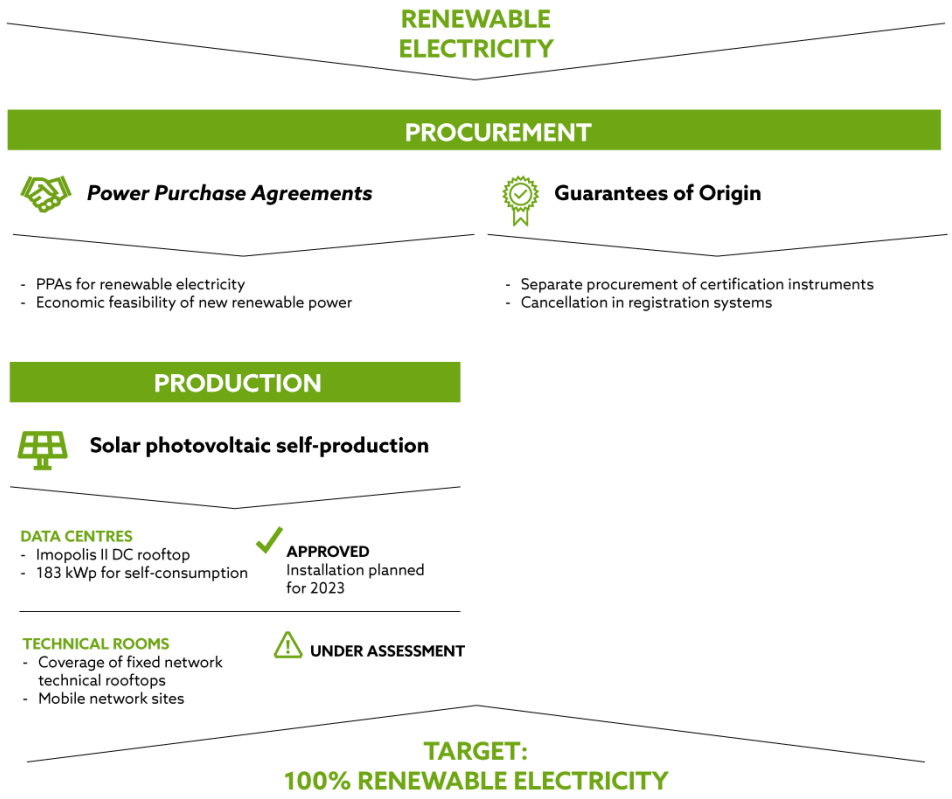
In 2022, the exceptional conditions verified in the energy market in Europe led to a very significant increase in electricity prices, as well as in that of Guarantees of Origin associated with renewable production whose value was, at the end of the year, more than 13 times higher than at the end of 2021. These circumstances did not allow us to achieve, within 2022, the goal of consuming 100% of electricity with renewable certification.

Throughout the year we acquired and cancelled Guarantees of Origin that certified 81% of our electricity consumption. Guarantees of Origin are part of a European system that guarantees final consumers that a certain amount of energy was produced from renewable sources. This system is managed in each country by the national authorities, in Portugal's case by REN - National Energy Networks, which issue the certification documents and keep a centralised electronic record, thus ensuring that each MWh of renewable electricity can only be accounted for as such by a single final consumer.

The long-term contract (PPA - Power Purchase Agreement), signed in 2021 with EDP, came into force in the second half of the year, supplying 31 GWh of electricity. From 2023, this PPA will ensure, for a period of 11 years, the annual supply of 66 GWh, which corresponds to about one third of our current electricity consumption. PPAs allow a renewable energy producer to have predictability about its investment and return, accelerating investment in new assets that reduce dependence on fossil fuels and contribute to the energy transition of the economy.

We are also exploring the potential of different technological solutions and contractual models for the self-production of renewable electricity at our facilities. We will install a solar photovoltaic plant on the rooftop of our Data Centre in Lisbon (Imopólis II), which will produce around 230 MWh/year for self-consumption and will also reduce the energy needs for air conditioning of the facility through the shading effect.

Our plan for renewable electricity



REDUCING VALUE CHAIN EMISSIONS

Upstream and downstream emissions from our own operations represent, on average, 93% of our carbon footprint.

Upstream, the most relevant category is that of emissions associated with the production of purchased goods and services (categories C1 and C2 of scope 3). In 2022, we started to prepare an extended engagement process with suppliers which, among other objectives, will collect information on their carbon emissions and promote reduction. We are also assessing specific models to engage smaller suppliers and support their accounting, target setting and emissions reduction processes. In 2023 we expect to start the first stage of implementation of this process.

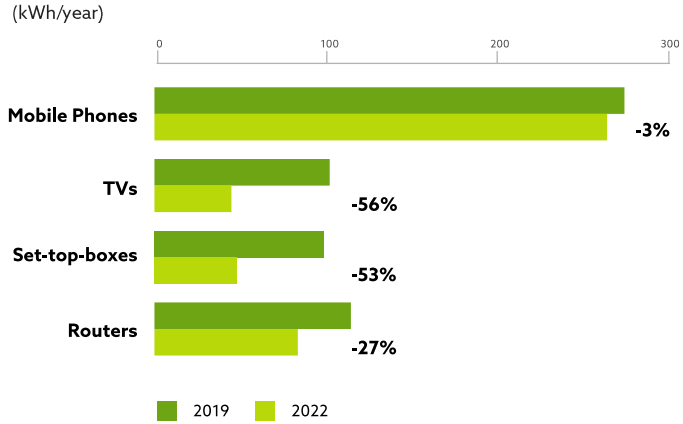
In co-operation with our logistics partner, this year we installed solar photovoltaic panels on the rooftop of the NOS warehouse in Alverca. The system will produce renewable electricity for self-consumption, estimated to meet 30 to 40% of the energy needs of the facility, thus reducing emissions from the logistics and distribution service we operate. By providing self-installation kits, we provide greater autonomy to our customers in the installation of the equipment and avoid the travel of a technician, which also contributes to reducing emissions from the distribution process.

At the end of 2022, NOS joined other international operators on the Eco Rating program, a system for evaluating the environmental impacts - including carbon emissions - of the production, transport, use and end of life of mobile phones. Eco Rating provides information that enhances the quality of our Scope 3 emissions inventory and helps customers make more informed and sustainable choices. It also encourages suppliers to improve the environmental performance of their equipment through criteria that promote carbon efficiency and electronic waste reduction: since the launch in May 2021, the average Eco Rating score has risen by 2 percentage points, reflecting an improvement in device performance, which translates into fewer emissions in the production and use stages. In 2023, we will provide customers with an Eco Rating for the mobile phones we sell. We are also integrating this information into our procurement processes and are including the carbon intensity of their production and use in the equipment evaluation criteria.

Downstream in the value chain, the most relevant category is emissions associated with electricity consumption of customer equipment we sell. To reduce these emissions, we are strengthening the energy efficiency criteria for mobile phones, set-top boxes and routers and developing customer engagement campaigns that promote greater use of power-saving features (e.g., stand-by mode in TV boxes). To reduce the emissions associated with the end of life of this equipment, we are also expanding the circularity project that currently ensures the recovery and reintroduction to the market of almost 50% of the equipment disconnected in the fixed service.

EVOLUTION OF THE AVERAGE ENERGY CONSUMPTION OF CUSTOMER EQUIPMENT

Annual average consumption of new equipment installed at the customer each year.



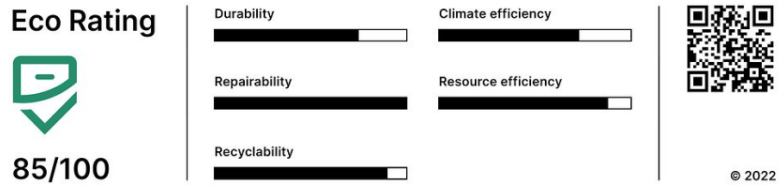
Considers the technical characteristics of the equipment and the usage pattern of NOS customers.

In 2022, as part of the campaign 1 Purchase = 1 Tree, we created and promoted specific content on our website about more energy-efficient usage patterns of mobile phones and fixed service equipment.

Eco Rating: more information for better purchasing decisions

The Eco Rating system evaluates the environmental impacts associated to the life cycle of a mobile phone, analysing 13 environmental indicators (e.g., carbon emissions or use of resources) and six criteria of material efficiency, and translating the result into a global score for each equipment, on a scale of 1 to 100, where 100 corresponds to the best environmental performance.

Equipment is evaluated according to five key aspects: durability; reparability; recyclability; carbon emissions; and consumption of scarce raw materials. The rating covers all phases of the life cycle, including extraction and processing of raw materials, manufacturing of the device, transportation to the destination markets, use and end-of-life. Telecom operators participating in the program include the Eco Rating information at their sales points



Eco Rating helps customers and operators to compare equipment and make more informed choices, encourages suppliers to develop more sustainable products, and mobilizes all agents to increase transparency and reduce the sector's environmental footprint.

The rating methodology is based on industry best practices and existing environmental labelling initiatives and is applied by Life Cycle Analysis experts. The Eco Rating is available for more than 300 equipment models from 22 manufacturers and has the participation of eight international telecommunications operators, present in 35 countries. NOS joined the consortium in November 2022, and the Eco Rating information will become available to customers during the first half of 2023.

More information at www.ecoratingdevices.com

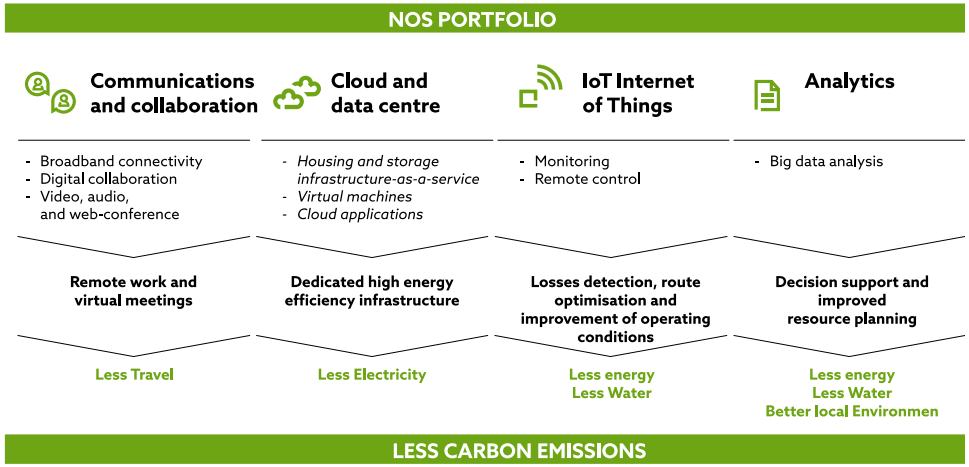
REDUCING CUSTOMER EMISSIONS

We want to be an active agent in the Portuguese economy's climate transition, and we have translated this ambition into a goal integrated into our climate and business strategy: to reduce our customers' emissions by an amount greater than the emissions from our own operations by 2025.

Quantifying the emissions reduction resulting from the use of digital solutions - climate enabling effect - is a complex exercise, for which methodologies are still evolving. Through participation in the European Green Digital Coalition, we are monitoring the development of science-based methods to calculate the carbon benefit of different types of solutions, in key sectors such as energy, transport, buildings, manufacturing, agriculture and smart cities. In 2023, we aim to make the first application of a simplified methodology for quantifying the emissions reduction induced by the use of our products and services.

Our portfolio currently includes Communication and Collaboration, Cloud and Data Centre, IoT (Internet of Things) and Analytics solutions, which avoid travelling, reduce energy and water consumption, and provide secure and energy-efficient data storage and processing infrastructures.

Our solutions that reduce customer emissions



This is also a market opportunity, to which we respond with the development of specific products and services, directed particularly at the corporate customer segment. These solutions, recognised as eligible activities under the EU Taxonomy of environmentally sustainable activities, represented 2% of NOS' consolidated turnover in 2022, corresponding already to 9.3% of turnover in the corporate segment. As the EU Taxonomy evolves, it is expected that more NOS products and services will be recognised as activities that contribute significantly to European climate change mitigation and adaptation goals.

MAINTAINING AN ADAPTED AND RESILIENT NETWORK

Our operation – in particular, the technical infrastructure – is exposed to physical risks from climate change. Acute risks, such as the increase in the frequency and intensity of extreme weather events (e.g., storms or heat waves) and their consequences (e.g., increased risk of rural fires) are one of the main climatic risks to which we are exposed, which can damage our network infrastructure, cause service interruptions, and induce high repair and reconstruction costs.

Long-term changes in weather patterns (chronic risks), in particular changes in average temperature, can also affect the operating conditions of telecommunications and IT equipment, increasing cooling needs and related energy costs and putting at risk critical systems.

We identify and assess these risks and have strengthened specific mitigation measures in our Business Continuity Management (BCM) program and in our Network and Services Supervision processes, including: assessment of the resilience and response capacity of our network and systems in the event of a failure, disruption or external event; contingency procedures in exceptional weather situations; identification of technical facilities in locations with high fire hazard, with the adoption of additional vegetation clearing procedures; strengthening the energy autonomy of critical facilities; adoption, in main technical rooms, of more demanding maintenance criteria adapted to the predictable impacts of climate change in Portugal (higher number of days of extreme heat and higher average temperatures). The project to optimise the air conditioning of smaller technical rooms, started in 2022, will also contribute to increase the climate resilience of these facilities.

In 2023, the climate scenario analysis project we intend to develop will involve a more in-depth assessment of these physical risks, using specific climate models for Portugal. Based on this information, we will assess the need for additional risk control measures.

3.5.2. Circular Economy

A MORE CIRCULAR BUSINESS

The consumption of materials and the production of waste - particularly related to electrical and electronic equipment and to packaging are a significant environmental impact of our activity. For the current strategic cycle, we have established as a goal to consistently increase the level of circularity of our business between 2022 and 2025. Our commitment to circularity covers material consumption and waste production in our own operations, but also in the use of our products and services.

OUR APPROACH TO CIRCULARITY

To promote business circularity through the reuse, resale or recycling of network and customer equipemnt.

NOS Operation

NETWORK
- Refurbushing and reuse of network components
- Sale on secondary markets

LOGISTICS OPERATION
- Redesign of processes and packaging for material reduction
- Substitution with sustainable materials

BACKOFFICE
- Digitisation of invoicing processes

STORES
- 100% digital contractual documents
- Dematerialisation of communication supports

TRANSVERSAL
- High rate of waste recovery

Customer equipment

FIXED SERVICE
- Recovery, refurbishing and re-introduction to market
- Reduction of incorporated material

MOBILE SERVICE
- Take-back of used equipment
- Sale of refurbished equipment

TRANSVERSAL
- Contribution to integrated recycling systems

TARGET

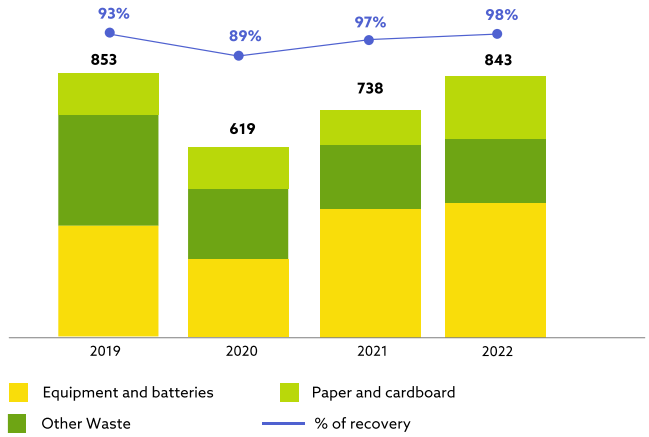
Annually increase the level of circularity between 2022 and 2025

In 2022 we kicked-off a project to define and implement an overarching NOS circularity strategy, which will integrate and develop the various initiatives already in force within the organisation. During 2023, we will establish specific goals for this area, associating them with action plans, quantified and scheduled targets, and performance monitoring processes. Our goal is, from 2024 onwards, to use an evaluation framework aligned with international best practices, which will enable us to quantify the level of global circularity of our business and use this metric to monitor performance and stimulate new actions.

INCREASING THE CIRCULARITY OF OUR OPERATION

Transmission equipment, IT systems, batteries and packaging material are the main waste of our operation. In a sector where technological renovation is constant, we adopt circularity principles which, whenever possible, transform this waste into resources through reuse and recycling.

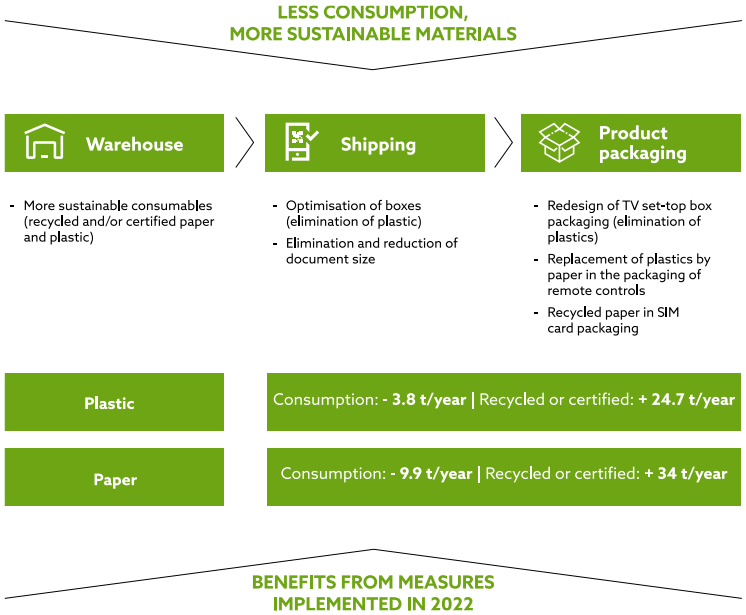
Production and recovery rate of waste from own operation (ton)



In 2022, we produced a total of 843 tonnes of waste, 98% of which was recycled (+1 p.p. compared to 2021). The increase of around 15% in the quantity produced was mainly due to the resumption of the use of backoffice buildings, where waste similar to urban waste is generated, most of which is sent to recycling. We use licensed operators to dispose of all the waste that is not collected by municipal systems, and we have implemented selective collection systems which, across all our facilities, reduce to a minimum the amount sent to landfill.

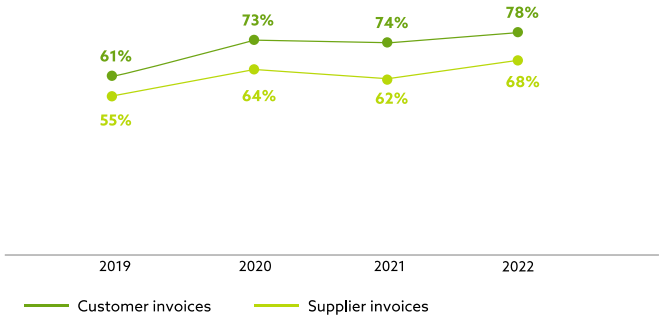
Regarding the telecommunications network, alongside the renovation required for the introduction of 5G technology, in 2022 we strengthened the processes of recovery and reuse of components. We refurbished transmission equipment removed from 5G sites and reintegrated them into our network, in facilities not yet modernised. We also recovered legacy equipment for sale in the secondary market and integration in other networks, avoiding the use of energy resources and materials needed to produce new equipment.

Optimisation of materials in the logistics operation in 2022



We continued to digitise billing processes, increasing efficiency, and rationalising the consumption of printing material and energy associated with transportation. In our stores network, the contracting processes, previously carried out on paper, are now fully digital.

Level of digitisation of billing processes



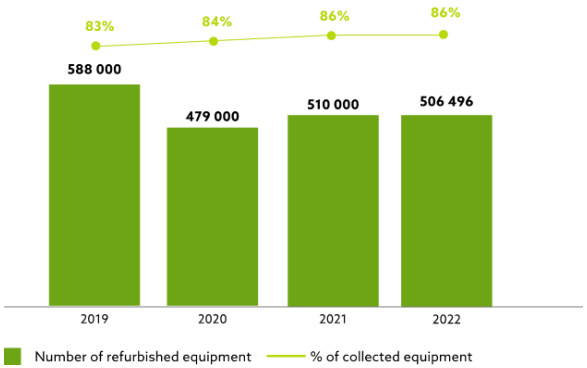
TO GIVE A NEW LIFE TO CUSTOMER EQUIPMENT

To minimize the end-of-life environmental impact of the equipment we provide to our customers, we act on three fronts: promoting take-back and reuse; contributing to integrated systems that collect and recycle equipment and packaging; and reducing the amount of material incorporated.

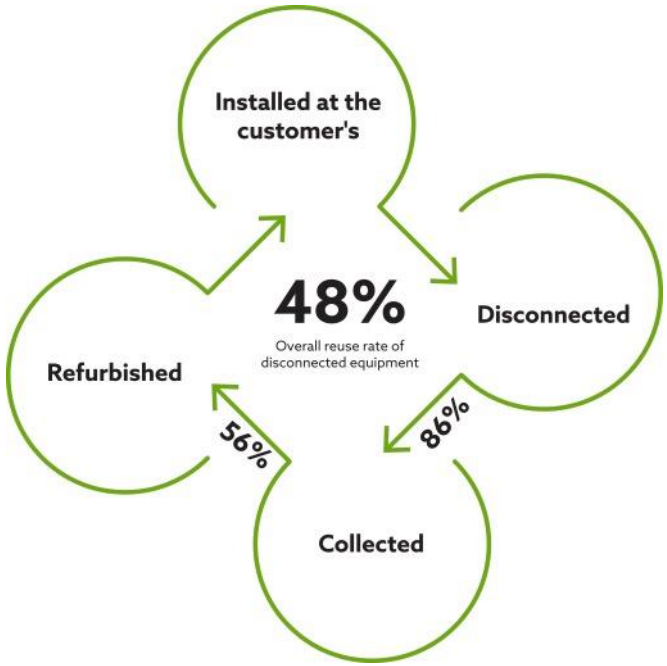
We implemented a reverse logistics operation that ensures the collection of more than 80% of the equipment used by fixed service residential customers (TV boxes, routers, and hubs). This equipment is transported to our warehouse, technically assessed and, whenever feasible, subjected to a process of cleaning, repair and updating of components that allows its new use. In this way, we avoid the additional consumption of raw materials and energy and increase the levels of circularity of our processes.

On average, around 50% of the equipment collected is put back on the market (56% in 2022). Considering the technological evolution and the planning of its introduction in the market, we have defined annual targets for the rate of equipment collected that will be reused. For 2023, as a result of the introduction of more technologically advanced equipment, the target for the reuse of collected equipment is 48%. For the following years, we have set progressively more ambitious targets, until 2025, when we aim to reintroduce 51% of the equipment collected back into the market.

Collection and recovery of customer equipment in the fixed service (# equipment)



Reuse in 2022



We also promote the reuse of equipment in the mobile service, through the sale of refurbished smartphones, with full technical and contractual guarantees (2,200 devices in 2022) and the take-back of used smartphones, which are fully sent for reuse or recycling.

We are also partners of integrated waste management systems, through which we finance collection and recycling networks for all the equipment we place on the market. Packaging waste is also sent for recycling through the integrated system managed by Sociedade Ponto Verde.

3.5.3. Other Environmental Impacts

PROTECTING BIODIVERSITY AND LANDSCAPE

The presence of the infrastructure necessary to telecommunications networks can cause impacts on landscape and biodiversity, particularly outside urban areas and in areas with high conservation value. Through our operational options and planning processes, we prevent or minimise these impacts.

With the agreement to share the mobile access network in inland areas of the country - established at the end of 2021 and to be fully implemented in 2023 - we are rationalising the use of network sites. This is a strategic decision, which results in a better service level, with less visual impact, less occupation of the territory and less risk of negative effects on fauna and flora.

Potential negative effects on the landscape are also mitigated through visual integration solutions, such as concealment chimneys in urban areas, or chromatic options adapted to the natural surroundings in rural areas. Whenever it is necessary to install new infrastructure in areas with special environmental sensitivity or adjacent areas, we implement additional protection measures, defined by the environmental authorities, namely the Institute for the Conservation of Nature and Forests (ICNF).

Since 2021, we have supported a reforestation project for areas affected by wildfires in the municipalities of Fundão, Mangualde, Meda and Pampilhosa da Serra, in Portugal, using a mixed planting model of maritime pine, oak, chestnut, and other species suitable for each location. This reforestation project combines carbon capture, biodiversity protection and natural resistance to forest fires, through the planting of several native species that are more resistant to fire, while also recovering water lines and ecological corridors. The CO2 removed from the atmosphere is monitored and allows us to voluntarily offset the unavoidable carbon emissions from the use of fuel in our fleet, until its total electrification is completed.

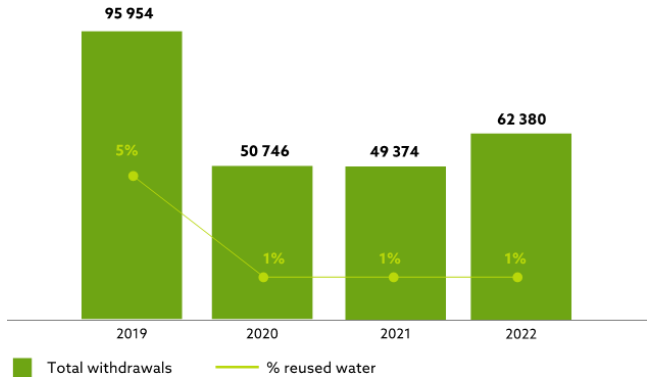
MONITORING WATER CONSUMPTION

Although we are not intensive water consumers, this is a scarce natural resource, which we monitor and rationalise in all our facilities, including backoffice buildings, technical network, our own stores, and cinemas.

Our building at Parque das Nações, in Lisbon, is equipped with a system for collecting rainwater, which is subsequently used in the irrigation and fire-fighting circuits. With the exception of this rainwater collection, the only source of water consumed in our facilities is the municipal supply systems.

In 2022, there was a 26% increase in water consumption, resulting essentially from the resumption of activity in our cinemas.

Total volume of water withdrawals and % of water reused (m^3)



3.5.4. Promoting Sustainable Innovation

We believe in the power of society's digital transformation and seek to contribute with technology-based solutions associated with connectivity, which drive a Portuguese society that is better prepared to respond to global challenges, inclusive and environmentally and socially balanced.

Our contribution is materialised either directly, in our activities and through the connectivity services and products we provide to the market, or in the development and promotion of sustainable technological innovation, through support for start-ups/entrepreneurship, and as managers, promoters or partners of projects for the development of innovative solutions, whose use induces economic, environmental, and social benefits. Innovation is in our DNA and allows us to combine competitiveness and contribution to the Sustainable Development Goals of the United Nations (SDGs), so a significant part of our innovation effort is channelled to projects that directly or indirectly contribute to this purpose.

Our performance in this area is based on three fundamental technological pillars: (i) 5G Technology; (ii) IoT (Internet of Things), in particular NB IoT (Narrow Band); and Advanced Analytics.

Combining these technological enablers with other technologies, we invest in a comprehensive intervention leveraging the internal potential for innovation and, through partnerships, the innovation potential developed by others. We believe that innovation should be faced with an open approach and not department by department, company by company. Therefore, innovation is in the mindset of our people and is ensured across our organisation, involving customers, partners, developers, and academy, in a virtuous ecosystem, with whom we closely collaborate.

Our primary areas of focus in the field of sustainable innovation are: (i) Energy efficiency and low carbon solutions; (ii) Smart and sustainable cities and mobility; and (iii) Health and active and healthy life.

NOS APPROACH TO SUSTAINABLE INNOVATION

MAIN TECHNOLOGICAL ENABLERS

- 5G technology
- IoT, in particular a NB IoT (Narrow Band Internet of Things)
- Advanced analytics

MAIN TYPES

- Development of funded RDI projects
- Development and/or provision of solutions (products and services) for customers and society
- Support to entrepreneurship

MAIN FOCUS AREAS

- Energy efficiency and low carbon solutions
- Smart and sustainable cities and mobility
- Health and active and healthy life

FINANCED PROJECTS WITH A FOCUS ON SUSTAINABILITY

NOS is involved in several co-funded research, technological development, and innovation projects, in partnership with multiple players, from established companies to start-ups, and entities within the national scientific system (e.g., universities, research centres, collaborative laboratories), taking the lead of the consortium in some of the projects concerned. These projects aim to generate and endogenize new scientific, technical, and technological knowledge and, simultaneously, develop and test new solutions and business models, in different contexts linked to energy, smart cities and the active and healthy lives of senior citizens.

SOLUTIONS FOR CUSTOMERS AND SOCIETY

Smartcities

Smartcities are a priority strategic bet for NOS. Through an approach and cooperation strategy with municipalities, and together with our partners, we have been building, over recent years, a portfolio of innovative technological solutions that foster their sustainability, addressing different challenges and priorities. Interactive Apps that strengthen the connection between municipalities and citizens, smart and sustainable mobility solutions, water, energy, and waste management systems that optimise the management of these resources, administrative modernisation and the reduction of operating costs are some of the solutions to which we have been contributing.

With 5G as a protagonist, we continued, in 2022, to support the smart modernisation of Portuguese cities, with a focus on the intervention in the municipalities of Barreiro and Pombal. The NOS 5G Smart Cities solutions take advantage of the ultrafast speed, reduced latency, security, reliability, and connectivity offered by the new generation of mobile communications, helping Portuguese cities to become more efficient and to improve citizens' quality of life. By supporting the technological development of these two locations under Smart Cities initiatives, and with numerous ongoing projects, NOS has perfected a total of 9 cities that over recent years (cumulative) has helped to evolve, promoting more sustainable local development and greater territorial cohesion.

Barreiro, a NOS 5G city

Barreiro is equipped with the NOS 5G network and is building the foundations to be a true Smart City through innovative solutions that allow better territory and citizen services management.

Through a solution implemented by NOS, the municipality now monitors urban mobility, using video analytics over 5G, in one of the busiest areas of the city. The goal is to provide more efficient management of urban mobility through real-time traffic analysis. Barreiro's municipal waste is also now managed through an intelligent solution based on the new mobile network, which makes it possible to collect and monitor relevant data for the optimisation of the municipality's bio-waste collection process, also leading to cost optimisation.

Waste management for a more sustainable municipality
The solution implemented by NOS allows monitoring of the containers and bio-waste collection trucks through sensors installed in the containers, which indicate the filling level, and, at the start of collection, the vehicles receive the route optimised for the containers requiring service. The system, based on 5G, allows effective fuel savings of around 20%, and better management of vehicles and teams, and can reduce operating costs by more than 40% (estimates developed based on solutions already implemented in other locations).

Monitor mobility with outdoor traffic analysis solution
An image sensor with video analytic capacity and 5G connectivity will allow outdoor traffic monitoring, generating relevant information such as vehicle count by type, pedestrian count and monitoring of pedestrian and road flows. It is also possible to generate a set of alarms, based on the detection of irregular situations, such as wrong-way vehicles, changes of direction in prohibited places, improper use of the cycle lane, among others.

The image sensors have local processing capabilities, so that no recording of images/videos or audio is made, and the processing is anonymised. In the future, it may be possible to detect fires and floods, open trash containers or the accumulation of trash next to containers, or other features.

The technological developments now implemented complement the NOS platform with occurrence management integration, previously installed in the municipality

Pombal

Pombal is also already covered with NOS' 5G network, with over 75% coverage in the municipality, having undertaken the goal of becoming a Smart City, taking advantage of the city's festivities, Bodo festivities, one of the key dates for tourism in the region, to proclaim and announce it.

Virtual reality and analytical tool for event management
For the purpose, it organised an event, integrated into the festivities, where it presented tourist routes of the region in virtual reality, and used an NOS event analytics tool to collect and analyse information on the profile of visits to the festivities. This big-data solution allowed a profiling of the audience of the parties and their behaviour; an analysis of the impact of the poster in the influx of visitors; and also, an idea of the impact of this celebration on mobility in the region. Once analysed, the information allows optimising future editions of the Bodo Festivities.

Efficient irrigation system
Pombal also invested in the implementation of a Smart Irrigation solution that will allow water and energy savings of up to 30% in two of the town's public gardens. Since this is a solution with built-in NOS 5G technology, the installation allows the connection of a large volume of devices without the need for wires or cables, and is therefore simpler and less costly. On the other hand, 5G ensures greater reliability of the entire process, and all monitoring and management can be done remotely, via computer or App.

9 Municipal Councils with Smart Cities initiatives developed with NOS over the last few years

PORTUGAL SMART CITIES SUMMIT

Also, to be highlighted in 2022, within the scope of the strategic bet on smart, sustainable cities, is the maintenance of the NOS support for the Portugal Smart Cities Summit, as exclusive partner, a benchmark event in the smart cities landscape in Portugal, which took place in October. Three days of conferences, demonstrations and presentations dedicated to the transformative potential of 5G technology in Smart Cities, which included the participation of several panels of experts and players active in this area, and where NOS had the opportunity to disclose some of the solutions that it has been developing over the years aimed at making cities more sustainable, intelligent and prepared for the future, namely: Smart Irrigation; Smart Waste Management; Virtual tours and Augmented Tours; Fire detection; Drones for inspection of infrastructures and transportation of objects; Energy efficiency of buildings; Smart lighting; and Health and safety monitoring of the elderly.

Supporting entrepreneurship at the service of a better and more technological future

Through our services based on connectivity and innovative technologies such as the Internet of Things (IoT), cloud and big data, leveraged on 5G technology, we are helping several areas of activity to embrace a more digital, socially, and environmentally innovative future. Our contribution to innovation in general, including innovation at the service of sustainability, also involves fostering entrepreneurship, promoting, and participating in various initiatives.

NOS 5G Fund

The NOS 5G Fund invested during 2022 in two new Portuguese start-ups, Mindprober and Didimo, bringing to a total of five start-ups supported since its launch and start of the operation in late 2019 and 2020, respectively. Through this fund, the first in Portugal directed at 5G technology, in partnership with Armilar Venture Partners, manager of the Fund, NOS actively supports the Portuguese innovation ecosystem with a focus on the development of solutions based on or leveraged by this technology, consolidating its commitment to it and to the development of a more entrepreneurial, technologically advanced, and innovative country. The investment in Mindprober and Didimo occurred through two investment rounds of 5.6 and 6.8 million euros, respectively.

5 start-ups supported by the NOS 5G Fund
which have a business model leveraged by 5G, corresponding to two more (Mindprober and Didimo) that have joined Reckon AI, KnokCare and Kit-AR

Mindprober is a start-up that has developed a pioneering platform that measures the emotional impact of multimedia content on consumers through wearables that monitor biometric data, such as sweat or heartbeat acceleration. DIDIMO, on the other hand, has developed a platform that allows to generate, in about 60 seconds, 3D digital avatars based on photographs.

FAST 5G

Also, with the goal of accelerating the adoption of 5G in the market and in national companies, NOS launched the Fast 5G program, in conjunction with the Start-up Factory, an ideation programme that aimed to develop and present solutions based on this technology, to address the challenges of medium-sized industrial companies, contributing to their success and to Portugal's economic development.

5G Business Safari

In partnership with Nova SBE, NOS developed the 5G Business Safari initiative, which represents an immersive learning experience outside the classroom, exposing participants to different realities and practices through NOS' 5G Use Cases. This training program aims to make participants aware of examples of organisations that are exploring the potential of 5G, to understand and experience 5G solutions, to raise awareness of new business models, new, more agile, and collaborative work processes enhanced by 5G, and to learn and find inspiration by seeing reality in an immersive and virtual way with 5G.

Partnership with Trojan Horse was a unicorn (THU) to combine science and creativity

NOS teamed up with Trojan Horse was a Unicorn (THU), a leader in creativity, to jointly boost the digital entertainment industry in Portugal and support national talent. Underlying this ambition is the technological disruption brought by the 5G network, a catalyst for art and creativity, and the quest to build the future through the pioneering vision that art allows, complementing science and technology. The collaboration included:

- the launch of **THU Golden Ticket by NOS**, a challenge on a global scale that this year was supported by NOS and that seeks to give voice to artists and causes, seeking answers for a future that unites sustainability, technology, and innovation. This year, a special category was created, exclusively for Portuguese students, to support and promote national creative talent; and
- the creation of **THU Lab – Human Behaviour Centre powered by NOS**, a sensory and behavioural laboratory equipped with 5G, where creatives will be able to work their senses in the most extraordinary ways. A roadshow in several Portuguese universities is also planned, with lectures on creative vision and art as tools for the future.

Data for a better future initiative - NOS and Nova SBE protocol

NOS and the Nova School of Business & Economics (Nova SBE) signed a protocol with the aim of implementing the Data for a Better Future Initiative (DfBF) project, created to place data analytics at the service of the development of a more sustainable future, bringing together the resources and expertise of a number of specialised organisations.

DfBF aims to be a knowledge-sharing network to help organisations increase their skills in Advanced Analytics. The goal will be to make Advanced Analytics more strategically useful for managing their businesses and responding to economic and social challenges. All this using increasingly innovative technologies such as 5G, Edge Computing, Cloud Computing, Machine Learning and Artificial Intelligence.

Three lines of action of the DfBF initiative

Research applied to data	It involves the creation of study areas, called Data Circles, where specialised research will be conducted by the teams of the companies involved, teachers, researchers, and Nova SBE Alumni. NOS takes the lead in the Impact Circle: Smart Cities & Communities area, reflecting its performance as a driver and enabler of pioneering solutions in this field. At the same time, it involves the creation of a data centre, the information from which will be used in international research agendas to generate strategic insights and support decision-making for a better future.
Talent activation	NOS will be responsible for awarding a scholarship to the best master's student in Business Analytics, as well as for the development of projects in a business context undertaken by students of this master's programme.
Training Programs	Under the protocol, training offers in Advanced Analytics will be developed for the entire universe of NOS employees, with the aim of evolving the technical skills of the organisation, directed at the challenges of the future, interconnected with the commitments of our development strategy.

Espaço i and IT training in partnership with ponte de sôr municipality and the Polytechnic Institute of Portalegre

In partnership with Ponte de Sor Municipal Council and with the Polytechnic Institute of Portalegre (IPP), NOS collaborated in the creation of a Skills Centre in the Region, with the aim of accelerating the digital transformation and territorial cohesion of the Alto Alentejo.

Within the scope of the collaboration with the Alentejo municipality, NOS provided the town's new entrepreneurship space - Espaço i, with the most advanced information systems and communications infrastructure, including 5G.

Resulting from the conversion of the former Municipal Market of Ponte de Sor, this innovation hub will house technology and digital matrix service companies, among which NOS. On site, the company intends to install a collaborative space and create 25 new highly skilled jobs for the development of projects within the business communication networks, security and automation.

The partnership is based on the training of IT professionals and the development of a technology-based training offer, materialised in a first stage, in a Higher Technical Vocational Course (CTeSP) in Agile Programming and Information Systems Security.

This initiative aims to foster entrepreneurship, but also have a support aspect for local stimulation in a inland area which is in line with the NOS commitment towards development, inclusion, and digital literacy, as well as territorial cohesion, by attracting talent to the region and promoting knowledge in the technology of the future and the creation of new skilled jobs.

Entrepreneurship, digital literacy and inclusion, and territorial cohesion
multiple dimensions driven by the partnership between NOS and Ponte Sor Municipal Council.

Partnership with the University of Aveiro through the Águeda School of Technology and Management for the creation of a higher technical vocational course (CTESP) in cybersecurity

In a context of growing need for skilled professionals to foster the digital economy as well as to meet the needs and challenges that it brings, security and particularly cybersecurity assumes a key role and therefore NOS joined UA and ESTGA to train professionals prepared for the growing challenges of Digitation and the digital economy.

These initiatives aim to foster entrepreneurship, but also have a support aspect for local stimulation in a inland area which is in line with the NOS commitment towards development, inclusion, and digital literacy, as well as territorial cohesion, by attracting talent to the region and promoting knowledge in the technology of the future and the creation of new skilled jobs.

NOS and LISBON MBA partnership - Preparing ESG leaders

NOS established a partnership with The Lisbon MBA Católica|Nova, for the development of an ESG (Environmental, Social & Governance) project within the scope of the ESG Consulting Project initiative, which allows students of the Lisbon MBA International to develop a project in this area, for a period of two months, according to the "learning by doing - Action Learning" approach. The participating students have the opportunity to put into practice the knowledge and skills acquired in the MBA, which has the mission of creating leaders capable of generating a positive impact on organisations and their stakeholders.

In turn, companies, in this case NOS, benefit from the talent of students in the analysis and provision of insights and recommendations for the resolution of a sustainability challenge. NOS had the support of two MBA students, selected through a rigorous process and guided by a lecturer specialising in ESG, who developed a project proposed by NOS, in the area of internal carbon price assessment and analysis of how NOS may continue to strengthen its commitment to socially responsible and sustainable performance. Analysis and determination of the internal carbon price is a voluntary methodology, useful in identifying opportunities and hidden risks in operations and value chain related to management of greenhouse gas emissions, helping to foster more efficient carbon management of products, services and processes, an area of strong investment by NOS.

3.5.5. Promoting Inclusion and Digital Literacy

NOS' ambition is to be a responsible brand, with a clear purpose and always at the forefront of innovation. We believe in the power of technology to solve many of the challenges we face as a society, and we are committed to being an active element in the path to a more connected, safer and sustainable future.

To promote the future we are aiming for, based on the digital transformation of society, it is essential to promote the inclusion of the most vulnerable audiences and democratic access to technological tools and digital education. At the same time, it is necessary to make people aware of the appropriate standards for responsible, fair, and ethical use of all new IT resources. In this sense, we want to enhance the acquisition of new skills and contribute to a future where we are all connected by the power of technology. One of the key pillars of our ESG strategy is the promotion of Digital Inclusion. Access to technology is a powerful tool for transformation and personal development, and an important lever for economic prosperity and social cohesion.

We know that it is possible to promote a fair digital transformation, aligned with our business strategy, increasing inclusion and accessibility, and generating wealth for society, which is the objective that guides our actions in terms of social responsibility.

PROJETO ZER01 – ENTRA NA LÓGICA DA COMPUTAÇÃO

We want to increase access to digital knowledge and skills to prepare today's youth for tomorrow's jobs. This is the commitment we have undertaken under the line of action "For a digital future" which is part of our sustainability strategy for the current cycle (2021-2025) and for which we have set the goal of impacting 10,000 people through programs that promote digital literacy.

In order to move towards the goal established, we designed and implemented the "Projeto ZER01. Entra na lógica da computação".

Train 10 000 people by 2025
Strategic target on digital literacy and future digital competences

It is with ENSICO as partner that we give life to this project, an initiative that aims to bring the teaching of computing to schools in the country. The subject will be taught throughout the 22/23 school year, in seven Portuguese schools, covering more than 400 students from the 1st and 2nd cycles (1st to 6th grade).

Computing is a body of knowledge, independent of the use of machines, which allows the development of logical thought, the ability to solve problems and stimulate creativity. Computational thinking generates immediate synergies with structural subjects such as Portuguese and mathematics, resulting in an improvement in the students' school performance.

Young people who can "think computationally" will be better equipped and prepared to design, understand, and use computer-based technologies both now and in the future.

As well as contributing to the development of essential skills, computer literacy contributes to the equal opportunities of young people in the future, representing a unique opportunity to impact on the success and inclusion of new generations.

Schools covered

- **Douro:** São João da Pesqueira School | Trevões School | Ervedosa do Douro School | Paredes da Beira School
- **São Domingos de Rana (Lisbon Metropolitan Area):** Frei Gonçalo de Azevedo Secondary School
- **Gondomar (Porto Metropolitan Area):** Jovim e Foz do Sousa Primary School | Atães Primary School

EUSOUDIGITAL

NOS has supported EUSOUDIGITAL (I am digital) since day one, a digital training program, which aims to help thousands of Portuguese adults who have never used the Internet, through Mentors/Volunteers, supported in hundreds of Centres throughout the country.

This program is promoted by MUDA - Movement for Active Digital Use, a Portuguese initiative promoted by more than 30 organisations from various sectors of activity, which undertake to contribute to increasing the advanced digital skills of the Portuguese, thus making the country and society more developed, inclusive, and participative. NOS is a founding member of MUDA and since 2017 has contributed to its growth and consolidation.

Portugal Digital Skills

Through the "Microsoft Portugal Partners Alliance", which aims to ensure that everyone has the right skills and opportunities to continue to create diverse environments, prioritise sustainability in business

decisions and develop responsible and ethical technologies, we have taken on the role of ambassadors for the Portugal Digital Skills initiatives, as well as for the Activate Portugal program.

IST scholarships and merit award

Strategic partnership with Instituto Superior Técnico (IST) signed in 2022 and with a duration of three years, which includes the development of initiatives to promote research, technology, and quality of higher education, rewarding merit and also innovative ideas that need investment in order to become reality. Within the scope of this partnership, annual scholarships are created for master's students, a merit award for a curricular unit of IST and an annual contest to support projects developed by students at the University. It also includes the organisation of workshops and other initiatives that promote the connection between students and NOS.

We support the social sector with communication services

In 2022, we supported 35 institutions with an amount of more than EUR 500,000

87%

Our employees consider NOS a socially responsible company

(Climate Study 2022)

Support to third sector organisations

As an active agent in society, NOS is always attentive to the surrounding social context. We respond to situations of particular vulnerability, acting quickly and flexibly, and we place our technology at the service of those who need it the most. In 2022, we were partners of more than 35 third-sector organizations, providing them with access to telecommunications services and equipment, which they would otherwise not be able to afford or would have greater difficulty in supporting. Over the last year, this support totalled more than 500 thousand euros.

OTHER INITIATIVES

Support for Ukraine

Reviewing the year 2022, it is unavoidable to talk about the war in Ukraine, a situation we have closely followed from the outset, seeking to minimise its impact on the people who directly or indirectly lived through the conflict, acting on several fronts, starting with the business and enabling its inclusion, but spreading to other necessary fronts.

Support from the core of our business

- Communications
- Solidary cinema sessions and contents in Ukrainian

We have been offering communications for Ukraine to all our customers since day one. We were part of a partnership between the Government and Operators, led by APRITEL, to provide free communications to refugees. In total, 16,000 cards were distributed, so that Ukrainian citizens could keep in touch with their home country (access to mobile tariffs for 3 months for free with a good offer of minutes and data and with Minutes to Ukraine, fixed and mobile), also facilitating the process of welcoming refugees who arrived in Portugal. And even before signing this protocol, we collaborated with NGOs that supported the arrival of refugees, by providing communications that enabled the contact of migrants with their families and friends.

NOS Cinemas promoted solidary cinema sessions, with part of the revenues going to the Portuguese platform We Help Ukraine, of the films "Olga" and "The Adventures of Gulliver", and also included two free sessions of the Ukrainian version of the latter, for the day on which Mother's Day is celebrated in Ukraine - May 8th. They also broadcasted a advertising spot for the refugee support platform itself.

We also provide a channel with the best animated content in Ukrainian for children of all ages. Nickelodeon Ukraine Pluto TV combines the best series from Nickelodeon and Nick Jr.

Complementary support on other fronts

- Employment
- Fundraising

Simultaneously, in close collaboration with various Organisations, we worked to identify the needs that were emerging, so that NOS could intervene in a collaborative way, wherever and whenever most necessary, namely:

- Collaboration with the Government to welcome Ukrainian professionals with experience/skills in technological areas.
- We collaborated with the Portuguese Red Cross in a fund-raising campaign.

Pedro Miguel Tavares Mendes Scholarship 2022-2023	NOS participates in the scholarships granted by the Rotary Club of Lisbon-Centennarium to students in situations of economic need to attend secondary school, higher education, and post-graduate/masters' courses.
Nova SBE Scholarship	NOS grants an annual scholarship to the best master's student at the Nova School of Business and Economics.
Solar Boat Technician	Through the transfer of appropriate communication solutions, we supported the Técnico Solar Boat project, aimed at developing sustainable boats, carried out by students from the Instituto Superior Técnico. This is a highly innovative, non-profit project, which enhances the development of skills of the students involved.
Solidary Christmas Market	NOS created a solidary Christmas market in its buildings, encouraging its employees to donate essential goods for the continuity of the work undertaken by several IPSS invited to participate in this initiative, such as Aldeias SOS (child support), or Nós (integration of the disabled), among others. Employees could also take the opportunity to buy products from Portuguese organic/sustainable brands present at the fair.
Collection for the Portuguese Cancer League	NOS undertook the promotion of an advertising spot to promote the annual collection of the Portuguese Cancer League, which was shown for 4 days in our cinemas.
Raising environmental awareness and supporting social entrepreneurship From Devil's Breath by Leonardo Dicaprio	NOS Cinemas promoted, at 8 cinema complexes, solidary sessions of the documentary The Devil's Breath by Leonardo Dicaprio (film about the Pedrogão Grande tragedy), a film intended to pass on a message of environmental concern about the impact of climate change that addresses climate and environmental issues. Part of the box-office revenue reverted in favour of Casa do Impacto - SCML, with the aim of being allocated to the development of projects related to environmental sustainability.

NOS' 5G takes hospitalised patients from São João Hospital to Aurea concert	In an initiative developed with those who cannot spend the festive season with their families and friends in mind, NOS took advantage of the benefits of 5G technology and brought the magic of Christmas to the São João University Hospital Centre, in Porto, through an immersive experience, in which users and health professionals could watch a concert by singer Aurea, live and as if they were on stage with the artist. With a 360-camera placed on the stage of Teatro José Lúcio da Silva, in Leiria, where the Aurea Soul Sessions | The Christmas Show was taking place, it was possible to transmit the show live to the virtual reality glasses of patients and professionals who were at the hospital in Porto. Thanks to the ultrafast speeds and low latency of 5G, even at almost 200 kilometres away, it was possible to guarantee an immersive experience that was very close to reality, with moments of participation in the concert and interaction with the singer. At the same time, this initiative is yet another demonstration of the potential of 5G. For other demonstrations of this technology organised by NOS, see section "3.2.1 Leading the 5G technology wave and expanding its potential"
Promotion and democratisation of cinema	Promotion of cinema through continuity of its Cine NOS initiative, which aims to take cinema to places outside its usual venues (e.g., open-air cinema in Tróia and Jardim da Estrela-Lisbon). This action aims to take cinema to an audience that does not normally enjoy this experience

549 thousand euros of support to the community.
Overall amount invested in the community in 2022.

3.5.6. European Taxonomy

To achieve the European Union's sustainability goals, it will be necessary to mobilise public and private resources in the next decade to finance the transition to a carbon-neutral, green, competitive, and inclusive economy.

Through Regulation (EU) 2020/852, the European Commission created the EU Taxonomy of Environmentally Sustainable Activities, a classification system for economic activities that aims to identify those that contribute to European environmental objectives, thus creating an enabling framework for sustainable investment. The aim is that the taxonomy will in the future evolve to explicitly include social aspects as well.

According to the EU Taxonomy, an activity is considered sustainable if it contributes substantially to one of the six EU environmental objectives and does not cause significant harm to any of the others; meets minimum social standards; and satisfies technical screening criteria set by the European Commission.

In 2021, the Commission Delegated Regulation (EU) 2021/2139 was published, establishing the first list of activities that can be framed in the EU Taxonomy, as well as the criteria for assessing their contribution to two of the environmental objectives: mitigation and adaptation to climate change. This contribution may result either from the climate performance of the activity itself or from its ability to improve the performance of other sectors - the so-called enabling activities - as is the case of several activities in the Telecommunications sector.

Additionally, new disclosure obligations were also introduced for companies, including NOS, which now have to report the way and extent of the framework of their activities in the EU Taxonomy, namely in terms of turnover, capital expenditure (CAPEX) and operating expenditure (OPEX), namely if they comply with the respective technical screening criteria (aligned activities).

Eligible activities

Alongside the investment in measures that increase the energy efficiency of the NOS operation, the company has been strengthening its portfolio of innovative products and services that reduce customer emissions, particularly in the corporate segment. Some of these activities are included in the list in Annexes I and II of the aforementioned Delegated Regulation:

- Activity 8.1. Data processing, information hosting and related activities (NACE code: J.63.11)
- Activity 8.2. Data-based solutions for reducing GHG emissions (NACE codes: J.61, J.62 and J.63.11)

The NOS Group activities under items 8.1 and 8.2 of the EU Taxonomy correspond essentially to revenues of the Corporate segment related to cloud and data centre services, analytics (mobility, smart cities, energy efficiency) and IoT (smart cities, mobility and management and optimisation of fleets and assets).

The current list of activities eligible for Taxonomy purposes - being focused on the most carbon-intensive sectors and on the activities that enable their transformation - does not yet cover most of the core activities of the NOS Group.

Proportion of eligible activities

	Turnover Amount (M€)	%	OPEX Amount (M€)	%	CAPEX Amount (M€)	%
Consolidated amounts - 2022	**1 521,0**	**100%**	**136,8**	**100%**	**495,9**	**100%**
Eligible activities:						
8.1. Data processing, information hosting and related activities	27,4	1,8%	11,8	8,6%	2,3	0,5%
8.2. Data-based solutions for reducing GHG emissions	2,6	0,2%	0,4	0,3%	0,6	0,1%
Total Eligibility - 2022	**30,0**	**2,0%**	**12,2**	**8,9%**	**2,9**	**0,6%**
Non-eligible activities - 2022	**1 491,0**	**98,0%**	**124,6**	**91,1%**	**493,0**	**99,4%**
Total Eligibility - 2021	**27,8**	**1,9%**	**11,8**	**7,5%**	**4,5**	**1,1%**

In line with the disclosure guidelines defined by Taxonomy, the reported amounts were calculated in accordance with the Group's consolidated accounts.

Regarding the amounts presented in the first line:

Turnover (1 521,0 M€): Corresponds to the consolidated amount of services provided, sales and other operating income, determined on the basis of the consolidated financial statements as of December 31st, 2022.

OPEX (136,8 M€): Corresponds to:

- Research and development expenditure not capitalised;
- Expenditure on renovation/maintenance of buildings and other facilities;
- Maintenance and repair expenditure;
- Expenditure on short term leases; and
- Other expenditure directly related to the maintenance of tangible assets;

CAPEX (495,9 M€): Corresponds to the sum of acquisitions of tangible and intangible assets, customer contract charges and usage rights completed in 2022, disclosed in notes 8, 9, 10 and 11 of the consolidated financial statements, amounting to 625.8 M€, excluding leases (125.3 M€) and other contractual rights (+4.5 M€); and recorded in the consolidated financial statements under Direct costs - Telecommunications costs - Capacity (18.0 M€), Direct costs - Costs related to services to major corporate costumers (51.7 M€), Support services - Information systems (16.2 M€), Supplies and external services - Maintenance and repairs (46.9 M€) and other cost items (3.9 M€).

Eligible activities correspond to revenues of the Corporate segment related to cloud and data centre services and analytics and IoT services.

The CAPEX amounts classified as eligible correspond essentially to the upgrade and replacement of cooling systems, containerisation of back-offices, installation of a new air-conditioning system in the data centre and other investments in the data centre (procurement of products and services to improve the energy performance of the operation.

The OPEX values classified as eligible correspond essentially to expenditure on cloud and data centres and centralisation of assets, with the management and optimisation of fleets and assets, IoT expenditure and the procurement of products and services to improve the energy performance of the operation.

Proportion of aligned activities

In 2022 NOS appointed a working group to assess compliance with the taxonomy alignment criteria, namely the substantial contribution criteria to climate change mitigation and adaptation and the criteria of do no significant harm. Compliance with minimum safeguards was assessed at Group level.

ACTIVITY 8.1.
DATA PROCESSING, INFORMATION HOSTING AND RELATED ACTIVITIES

Regarding the climate change mitigation objective, although NOS has adopted energy management practices in its data centres consistent with the practices provided for in the European code of conduct on energy efficiency of data centres and with the recommended practices for energy management of data centres published in the document "CLC TR50600-99-1 of CEN-CENELEC - Installations and infrastructures of data centres", the adoption of these practices has not been verified/audited by an independent third party entity in the last three years, thus NOS has not met one of the substantial contribution criteria to climate change mitigation, which is why this activity was reported in 2022 as non-aligned. NOS considers conducting in 2023 an independent audit of the practices adopted in its data centres.

Regarding the assessment of the "do no significant harm" criteria, no situations of non-compliance with the screening criteria were identified, namely:

- Adaptation to climate change: NOS has conducted an assessment of the physical risks relevant to the activity based on the National Platform for Risk and Disaster Reduction;
- Sustainable use and protection of water and marine resources: No risks of environmental degradation linked to preserving water quality and preventing water stress related to this activity have been identified;
- Transition to a Circular Economy: NOS presents a waste management strategy that ensures, in the first instance, the use by brokers who can find on the secondary market potential stakeholders in the technologies and who can reuse the equipment. In the absence of interested parties in the reuse of the equipment, the Group moves towards a solution of disposal of the equipment via recycling chains and operators licensed for that purpose.

Regarding the objective of Climate change adaptation, NOS assessed the physical risks relevant to the activity based on the National Platform for Reduction of Risks and Disasters, thus meeting the substantial contribution criteria to climate change adaptation.

However, regarding the assessment of the "do no significant harm" criteria, as already mentioned for the climate change mitigation objective, although NOS has adopted energy management practices in its data centres that it considers to be compliant with best practices, its adoption was not verified/audited by an independent third party in the last three years, which is why this activity was reported in 2022 as not aligned with the climate change adaptation objective.

Therefore, activity 8.1. Data processing, information hosting and related activities was considered non-aligned with both objectives.

ACTIVITY 8.2.
DATA-BASED SOLUTIONS FOR REDUCING GHG EMISSIONS

Regarding the objective of climate change mitigation, the ICT solutions involved in this activity are predominantly used for the provision of data and analysis that contribute to the reduction of GHG

emissions, being, according to the implicit evaluation in the customers' choice, innovative and distinct solutions from others existing in the market.

Regarding the assessment of the "do no significant harm" criteria, no situations of non-compliance with the screening criteria were identified, namely:

- Adaptation to climate change: NOS has conducted an assessment of the physical risks relevant to the activity based on the National Platform for Risk and Disaster Reduction;
- Sustainable use and protection of water and marine resources: No risks of environmental degradation linked to preserving water quality and preventing water stress related to this activity have been identified;
- Transition to a Circular Economy: NOS presents a waste management strategy that ensures, in the first instance, the use by brokers who can find on the secondary market potential stakeholders in the technologies and who can reuse the equipment. In the absence of interested parties in the reuse of the equipment, the Group moves towards a solution of disposal of the equipment via recycling chains and operators licensed for that purpose.

Regarding the objective of Climate change adaptation, NOS assessed the physical risks relevant to the activity based on the National Platform for Reduction of Risks and Disasters, thus meeting the substantial contribution criteria to climate change adaptation.

Regarding the assessment of the "do no significant harm" criteria, as already mentioned for the climate change mitigation objective, no situations of non-compliance with alignment criteria were identified.

Therefore, activity 8.2. Data-based solutions for reducing GHG emissions was considered aligned for both objectives.

Minimum safeguards

The taxonomy provides that in addition to the Substantial contribution criteria and the do no significant harm criteria, an activity is only considered aligned if it is conducted in compliance with minimum safeguards.

The minimum safeguards prevent activities from being considered aligned, and therefore perceived as sustainable, if they have been conducted at the expense of violating human rights and labour rights, by engaging in corruption or anti-competitive practices and not complying with tax legislation.

Compliance can be observed from two perspectives, according to the guidance published by the Platform on Sustainable Finance:

- There are adequate processes and controls in place in the areas of human rights, corruption, taxation, and fair competition; and
- There have been no violations or breaches of these principles.
- The Group assessed compliance with the minimum safeguards, namely by evaluating the policies and processes implemented and investigating possible cases of breaches by Group companies. The Group concluded that the processes, policies, and controls implemented are robust and no cases of breach or processes related to the principles of minimum safeguards were identified.

More information on practices and processes in the areas of human rights, corruption, taxation, and competition can be found in the respective sections of this report.

TURNOVER PROPORTION OF ALIGNED ACTIVITIES IN 2022

REVENUE

Millions of euros				Substantial contribution criteria						Do no significant harm criteria							
Activities	**Codes**	**Turnover**	**Turnover Proportion**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Transition to a Circular Economy**	**Pollution prevention and control**	**Biodiversity and ecosystems**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Transition to a Circular Economy**	**Pollution prevention and control**	**Biodiversity and ecosystems**	**Minimum safeguards**	**Alignment Proportion**
		€	%	%	%	%	%	%	%	S/N	S/N	S/N	S/N	S/N	S/N		
A Eligible Activities																	
A.1 - Aligned activities																	
Data-based solutions for reducing GHG emissions	8.2	2,6	0,2%	100%						N/A	100%	S	S	N/A	N/A	S	100%
Turnover of aligned activities (A.1)		**2,6**	**0,2%**														
A.2 - Eligible but non-aligned activities																	
Data processing, information hosting and related activities	8.1	27,4	1,8%														
Turnover of Eligible but non-aligned activities (A.2)		**27,4**	**1,8%**														
Total (A1+A2)		**30,0**	**2,0%**														
B. Non-eligible activities																	
Turnover of Non-eligible activities		1 491,0	98,0%														
Total (A+B)		**1 521,0**	**100%**														

OPEX PROPORTION REGARDING ALIGNED ACTIVITIES IN 2022

Millions of euros				Substantial contribution criteria						Do no significant harm criteria							
Activities	**Codes**	**OPEX**	**OPEX Proportion**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Transition to a Circular Economy**	**Pollution prevention and control**	**Biodiversity and ecosystems**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Transition to a Circular Economy**	**Pollution prevention and control**	**Biodiversity and ecosystems**	**Minimum safeguards**	**Alignment Proportion**
		€	%	%	%	%	%	%	%	S/N	S/N	S/N	S/N	S/N	S/N		
A Eligible Activities																	
A.1 - Aligned activities																	
Data-based solutions for reducing GHG emissions	8.2	0,4	0,3%	100%						N/A	100%	S	S	N/A	N/A	S	100%
OPEX of aligned activities (A.1)		**0,4**	**0,3%**														
A.2 - Eligible but non-aligned activities																	
Data processing, information hosting and related activities	8.1	11,8	8,6%														
OPEX of Eligible but non-aligned activities (A.2)		**11,8**	**8,6%**														
Total (A1+A2)		**12,2**	**8,9%**														
B. Non-eligible activities																	
OPEX of Non-eligible activities		124,6	91,1%														
Total (A+B)		**136,8**	**100%**														

CAPEX PROPORTION REGARDING ALIGNED ACTIVITIES IN 2022

Millions of euros				Substantial contribution criteria						Do no significant harm criteria							
Activities	**Codes**	**CAPEX**	**CAPEX Proportion**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Transition to a Circular Economy**	**Pollution prevention and control**	**Biodiversity and ecosystems**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Transition to a Circular Economy**	**Pollution prevention and control**	**Biodiversity and ecosystems**	**Minimum safeguards**	**Alignment Proportion**
		€	%	%	%	%	%	%	%	S/N	S/N	S/N	S/N	S/N	S/N		
A Eligible Activities																	
A.1 - Aligned activities																	
Data-based solutions for reducing GHG emissions	8.2	0,6	0,1%	100%						N/A	100%	S	S	N/A	N/A	S	100%
CAPEX of aligned activities (A.1)		**0,6**	**0,1%**														
A.2 - Eligible but non-aligned activities																	
Data processing, information hosting and related activities	8.1	2,3	0,5%														
CAPEX of Eligible but non-aligned activities (A.2)		**2,3**	**0,5%**														
Total (A1+A2)		**2,9**	**0,6%**														
B. Non-eligible activities																	
CAPEX of Non-eligible activities		493,0	99,4%														
Total (A+B)		**495,9**	**100%**														

01
INTEGRATED MANAGEMENT REPORT

/4 OUR FOUNDATIONS FOR VALUE CREATION

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4.1. Stakeholder Engagement and Value Creation

We are committed to our stakeholders, with whom we build trusting relationships, to enhance the creation of shared value.

Our ambition to continue to be the best communications and entertainment business group in Portugal makes us an agent that contributes to a better society and economy, creating value for the stakeholders ecosystem with whom we establish strong and trusting relationships.

- CUSTOMERS
- SHAREHOLDERS AND INVESTORS
- EMPLOYEES
- PARTNERS AND SUPPLIERS
- COMMUNITY
- GOVERNMENT AND REGULATORY AUTHORITIES
- INDUSTRY
- MEDIA

4.1.1. Management Team Commitments

The creation of value for our stakeholders is crucial to the development of our business. Our management is, therefore, focused on managing the business with the perspective of creating shared value in the long term.

The mapping and ranking of our stakeholders is a process that has taken place in the phase that precedes each stakeholder listening process. To identify the main categories, we used the level of influence and dependence as criteria, following the methodology of the AA SES standard .

Managing the positive and negative impacts on the Group, and on the value chain in which we operate, is a commitment we establish with our stakeholders and which we reflect on our management structure: in our governance, in our development strategy, and in the policies and programs that structure our operation.

CUSTOMERS

- We place our customers at the centre of our actions and decisions, continuously seeking to respond efficiently and effectively to their needs.
- We connect families, businesses, and the country with state-of-the-art telecommunications services.
- We constantly surprise our customers with relevant innovation, anticipating their needs.

PEOPLE AND ORGANIZATION

- We maintain a non-negotiable commitment to ethics, rigor, inclusion, and meritocracy at all times, and in all contexts.
- We promote a sustainable balance between personal and professional life, building the foundations for new work models that are more suited to the social context and more sustainable.
- We invest in retaining, training, and attracting talent, seeking to ensure the skills for today's and tomorrow's challenges.
- We believe in the value of diversity and are committed to strengthening our commitment to an even more inclusive future.

SUSTAINABILITY

- We have an ambitious ESG agenda, supported by our management team, embraced by the entire organization, and encouraged across the company.
- We play a central and active role in the economic and social development of the regions where we operate, with particular focus on digital access, inclusion, and digital literacy.
- We are committed to assertively responding to climate challenges, actively promoting the accelerated transition to a reality based on renewable energy.
- We assume as the ultimate goal of our work the creation of sustainable value for society.

SHAREHOLDERS

- We maintain a culture of excellence in operations, rigor in delivering results and discipline in managing our assets and the investments we make.
- We comply with the commitments we made to our shareholders, maintaining a solid financial performance.
- We are optimistic about the future and ambitious in the goals we have assumed as a company.

PARTNERS

- We are fair and transparent in our relationships with all our partners, seeking to reach agreements that maximize the value generated for all parties.
- We demand that our partners have a philosophy of action and values compatible with ours.

TRANSFORMATION

- We do not settle for the status quo and continuously challenge the pillars of our operation, seeking to evolve towards an increasingly efficient operating model.
- We are committed to anticipating relevant context and paradigm changes, focusing on endogenous and exogenous dynamics to our operation.
- Our strategy is adaptive and dynamic, translating new opportunities and new challenges into concrete and actionable strategic responses by the organization.

4.1.2 Purpose of our approach to stakeholders

We created a relationship model with stakeholders, which we implement permanently, to enhance the creation of shared value and the establishment of trusting and responsive relationships.

The stakeholder categories that are integrated in the NOS stakeholder relationship model reflect the main influence and dependency relationships with the stakeholders, considering the characteristics of NOS' business. The model is organised into four guidelines, which cut across different levels of engagement, from monitoring to cooperation. These allow us to map the current concerns and future expectations of the stakeholders, which may substantiate new risks or opportunities, and to use them as input for informed decision-making. They also enhance the creation of shared value and the establishment of trusting and responsive relationships.

It is also our purpose, within the scope of accountability towards our stakeholders, to report, with materiality and balance, and cooperate in building a more sustainable value chain, and therefore promoting shared value.

A systematic and responsive interaction allows identifying and anticipating risks and opportunities and establishing the necessary bonds of trust to enhance the creation of shared value in the long term.

PURPOSE AND APPROACH

ENGAGEMENT WITH STAKEHOLDERS

1. We are attentive	2. We integrate	3. We communicate	4. We advance being connected
– We have mechanisms for regular and systematic assessment of the needs and expectations of our stakeholders, what impacts them, what they value and what we need to improve . – We systematize the results generated by the stakeholders listening mechanisms, and we mapped the impacts referenced by our stakeholders. – We analyse the information generated by these mechanisms, as well as relevant governance, environmental and social trends and benchmarks that complement it. .	– We recognize our responsibility and impact towards our stakeholders, which we value and respect through our values and principles. – We define commitments towards them, which we revalidate or adjust according to the signals provided by our listening, analysis, and interaction mechanisms. – We prioritize and consider the inputs of our stakeholders, and other analyses we conduct, in defining our strategic priorities, as well as in defining improvement plans and in establishing cooperation and partnership dynamics . – We integrate the priorities and improvements we have identified in the management of operations and in new developments . – We determine, for our significant impacts, the most suitable approach to prevent, mitigate, or remedy them.	– We monitor and measure our performance against compliance aspects and against our strategic priorities, which consider the needs and impact on stakeholders. – We report, this information, with a sense of opportunity, materiality, and balance, as well as with rigor and clarity. – We understand the importance of communication and connections that are at the heart of our business, and we promote a culture of proximity, scrutiny, and regular dialogue with our main stakeholders for mutual benefit. This is the only way to maintain the trust and commitment necessary to maintain lasting and positive relationships.	– We aim to prosper as a company, add and share value with and for our customers and other stakeholders, meeting and sometimes anticipating their needs. – We constantly challenge ourselves to do more and better with the contribution of our policy of active listening and cooperation and with the power of innovation and of the technologies that we operate and master for the benefit of our customers and for a more evolved and sustainable society. – We promote strategic partnerships and entrepreneurship and influence our suppliers and business partners to improve, contributing to a more inclusive and connected world for everyone
Listen | Identify | Anticipate Understand the impact and satisfaction	**Respect | Prioritize | Include | Plan and implement**	**Report and inform | Dialogue | Proximity and cooperation**	**Improve | Connect | Innovate and add value**

1. WE ARE ATTENTIVE - WHAT MATTERS MOST TO OUR STAKEHOLDERS

The regular and systematic engagement of our main stakeholders allows us to know how we impact them, as well as their expectations and needs. The subsequent analysis we carry out allow us to capture an integrated view of our impacts, which we use to support business management

Topics / Stakeholder category	Customers	Shareholders and Investors	Employees	Partners and Suppliers	Government and Regulatory Authorities	Community	Industry
Good Corporate Governance Practices		V			V		
Good practices in tax matters		V					
Cybersecurity	V	V					
Clarity of customer information and contractual conditions	V				V		
Network coverage and quality	V		V	V	V		V
Combating corruption	V				V		
Operational and financial performance		V					
Career development and assessment			V	V			
Diversity and inclusion			V		V		
Energy efficiency and renewable energy (important for Corporate customers)	V	V	V	V			
Greenhouse Gas Emissions		V					
Innovation							V
Social Responsibility Policy						V	
Absence of anti-competitive practices		V			V		V
Preventing exposure to electromagnetic fields		V			V	V	V
Products and services with social and environmental benefits	V	V	V	V		V	
Local Development Projects				V		V	
Projects that promote sustainable consumption and lifestyles				V			
Protection & privacy	V	V			V		
Recycle used customer equipment	V	V					
Remuneration and benefits			V				
Troubleshooting contracted products and services	V		V				
Respect for Human and Employees' Rights		V		V			
Shareholder return		V					
Health and well-being			V	V			
Transparency and equitable treatment of partners				V			
Legal and regulatory compliance					V		
Network resiliency and emergency response					V		V
Price competitiveness					V		
Products and services for customers with low incomes or special needs						V	
Promotion of entrepreneurship						V	
Volunteering						V	

2. WE INTEGRATE – HOW WE RESPOND TO STAKEHOLDER CONCERNS

The management options that we adopt aim to align NOS with the expectations and needs of stakeholders, maximising value creation. The policies, measures and programs that address the main impacts are regularly assessed and adjusted to improve the results generated by them. Among the measures implemented by NOS to address the impacts of our operation, we highlight:

Needs/ Expectations	– Cybersecurity – Protection & privacy	– Career development & assessment – Health and well-being – Remuneration and benefits	– Greenhouse gas emissions – Recycle used customer equipment – Energy efficiency and renewable energy – Preventing exposure to electromagnetic fields – Projects that promote sustainable consumption and lifestyles – Products and services with social and environmental benefits – Products and services for customers with special needs or lower-income – Innovation – Promotion of entrepreneurship – Local development projects – Volunteering – Social Responsibility Policy	– Troubleshooting contracted products and services – Network resilience and emergency response – Clarity of customer information and contractual conditions – Network coverage and quality	– Legal and regulatory compliance – Absence of anti-competitive practices – Preventing and combating corruption – Price competitiveness – Diversity & Inclusion – Transparency and equitable treatment of partners – Respect for Human and Workers' Rights – Good Corporate Governance Practices – Good Tax practices	– Financial performance and shareholder return
NOS responses	– Security & Privacy programs and processes – Maintenance of ISO 27001 Certification – Partnership with Cisco for new security solutions – NOS Safe Net	– NOS Campus – Performance and Development Model – Remuneration policy and benefits – Maintenance of ISO 45001 Certification – Health and well-being program – Climate and satisfaction study and associated improvement plans	– Maintenance of ISO 14001 certification – Environmental goals and targets – Development of products and services that respond to social and environmental challenges – Monitoring plan for electromagnetic radiation – Investment on 5G technology, IoT and Advanced Analytics – Projects and partnerships to promote the development and digital transformation of companies and institutions – Offer for people with special needs and other special situations – Cooperation protocols with municipalities for Smart Cities – Co-financed innovation projects for sustainability – 5G Fund	– Code of Ethics and other policies assumed by NOS – Ethics action and training plan – Internal audit program – Risk management Policy – Tax policy in development – Discounts for extreme situations – Gender Equality Plan – Statement of Commitment to Diversity and Inclusion – Involvement in various diversity and inclusion initiatives (e.g., Women Empowerment Principles) – Vortal Platform	– Code of Ethics and other policies assumed by NOS – Ethics action and training plan – Internal audit program – Risk management Policy – Tax policy in development – Discounts for extreme situations – Gender Equality Plan – Statement of Commitment to Diversity and Inclusion – Involvement in various diversity and inclusion initiatives (e.g., Women Empowerment Principles) – Vortal Platform	– Strategic plan and execution – Budget control – Dividend distribution policy

3. WE COMMUNICATE - THE CHANNELS WE USE IN ENGAGING WITH OUR STAKEHOLDERS

Engagement with stakeholders uses different means, according to the objective of engagement and the target audience. In this context, we complement the use of more cross-cutting channels, such as the website, with more specific ones, such as roadshows for investors. On the other hand, we have selected the most suitable tools for different levels of engagement: publication of the annual report or the edition of internal and market publications are the supports chosen when our priority is to inform. The environment study for employees, or customer or partners/suppliers satisfaction studies, are examples of the tools we use to collect feedback. In other cases, the level of engagement is characterized by the participation of the stakeholders involved, such as welcoming sessions for employees, or meetings with the regulatory entity.

The frequency with which we communicate is also dependent on the purpose of the interaction. And that's why we use communication channels that are activated permanently, or on a daily basis, such as the website, Apps or stores, for example, or we use mechanisms that work in a campaign logic with a specific regularity, annual or even supra-annual, as was the listening process developed to identify the priority sustainability topics.

Stakeholder listening process has taken place in the planning stage of each new strategic cycle, the last one in 2020, within the scope of planning the strategic cycle that started in 2021. In other cases, it may even occur on demand, in response to the specific needs of each moment, as is the case of some direct contacts with the regulatory entity.

Without prejudice to the departments/areas ensuring the management of relations with certain groups of stakeholders under their more direct responsibility and in coordination with the members of the Executive Committee within the scope of their respective areas (as is the case of Human Resources with Employees, or Purchasing with Suppliers), the application of the stakeholder relationship approach, described above, is a cross-cutting responsibility to the entire organization. It is headed by the global commitments of the management team towards the stakeholders and supported by various communication and interaction mechanisms, of which we highlight those in the figure.

4. WE ADVANCE BEING CONNECTED - OUR PARTNERSHIPS, ALLIANCES AND EXTERNAL STRATEGIC INITIATIVES

We challenge ourselves to do better, in cooperation with other organizations. The partnerships we establish allow us to act in alliance with our stakeholders, promoting a more inclusive and sustainable society, and one that is more aligned with science-based climate targets and Human Rights.

The various reference initiatives, of which NOS is a signatory, and partnerships to which it is bound or promotes, boost its strategic commitment and contribution to sustainability in line with the underlying spirit of SDG 17.Our commitment to sustainability is endorsed at the highest level in the organization and is reflected in the various international and national initiatives that NOS has subscribed to over the years, under the supervision of the President of the Executive Committee, and to which it remains bound. These initiatives strengthen the commitments assumed by the management team and have underlying principles and commitments of responsible and proactive action in the environmental, social and governance domains, reflected and complemented by our internal policies and codes.

The initiatives and partnerships fall into the following categories: Sustainable Society; Climate; Human rights; Strategic Partnerships; Support for Culture.

1 SUSTAINABLE SOCIETY	2 CLIMATE	3 HUMAN RIGHTS – DIVERSITY
4 STRATEGIC PARTNERSHIPS	5 SUPPORT FOR CULTURE	

1. SUSTAINABLE SOCIETY

NOS has been joining and subscribing to a set of initiatives that promote a more sustainable economy and society. In addition to transversal initiatives, which bring together companies and organizations from different economic sectors, we have also joined specific initiatives for our sector of activity.

Pact for youth employability

NOS signed, in January 2023, the "Pact for more and better employment for youths", an initiative, promoted by the José Neves Foundation and the Portuguese Government, which aims to reduce the existing vulnerability associated with the employment of the younger generations. By subscribing to the Pact, NOS strengthens its commitment to hiring and retaining early-career employees. Subscription to this initiative reflects the continuity of NOS' focus on the employability of young Portuguese talent, an example of which is the NOS Alfa program, which attracts more than 50 young people per year to the Group, and has a retention rate of around 85%.

Initiatives subscribed (subscription carried out before 2022)

- United Nations Global Compact
- Global Enabling Sustainability Initiative (GeSI)
- "Digital With Purpose"
- BCSD Portugal's Charter of Principles
- «Taking advantage of the crisis to launch a new paradigm of sustainable development » Manifesto, promoted by BCSD Portugal
- ETIS Sustainability Working Group (circular economy in the telecommunications sector)

2. CLIMATE

Our decarbonization trajectory is in line with the Paris Agreement goal of limiting global temperature rise to 1.5°C. NOS recognizes the role of technology in responding to the challenge of the climate emergency, and, in this sense, has been associating itself with various initiatives focused on climate.

"Towards COP27" Manifesto

The signing of this climate manifesto is yet another demonstration of the recognition of environmental responsibility by NOS. The Group recognizes the need to continue to implement actions towards a more environmentally and socially balanced society, following the guidelines set out in the Manifesto, in line with the NOS targets: by 2030, reduce its scope 1 and 2 emissions by 90%, and to reduce scope 3 emissions by 30%. Developed by BCSD Portugal - Business Council for Sustainable Development, the Manifesto outlines 6 priority lines of action to increase the ambition of the response, and accelerate the transition to a fairer and more sustainable and carbon free global economy.

Porto Climate Pact

In 2022, NOS subscribed to this Pact, committing to contribute to establishing and sharing concrete targets and actions, developed or to be developed, aimed at reducing GHG emissions with a view to carbon neutrality and also involving its networks of actors in the reduction process of GHG emissions in the city of Porto. The Municipality of Porto has maintained a detailed monitoring of the city's GHG emissions and their respective origin and has followed and exceeded national and European decarbonization targets, having made a commitment to reduce GHG by 60% by 2030.

Subscribed initiatives (subscription carried out before 2022)

- Letter of Commitment "Business Ambition for 1.5°C"
- Lisbon Green Capital 2020
- European Green Digital Coalition

3. HUMAN RIGHTS – DIVERSITY

The initiatives to which NOS has been subscribing in the Human Rights area, particularly in the areas of equality and diversity, constitute important milestones towards greater maturity in the management of the topic.

Subscribed initiatives (subscription carried out before 2022)

- Women's Empowerment Principles (WEPs)
- Portuguese Women in Tech
- CEO's Guide on Human Rights
- United Nations Target Gender Equality
- Portuguese Charter for Diversity

4. STRATEGIC PARTNERSHIPS

We are members of a number of associations where our presence assumes a strategic value, due to the role that the association plays in our business areas, or, in the case of transversal associations, due to the value contributed by each one of them, to NOS, or to Portuguese society and economy. In addition to these strategic partnerships, where NOS is part of the governing bodies of the respective organizations, our business model also includes a set of technical partnerships, which support us in the development of the business.

These technical partnerships are referred to in this report, in the sections Value for Customers and for a More Evolved Society, and We Generate Value for Our Business Partners.

- COTEC Portugal Associação Empresarial para a Inovação
- APRITEL Associação dos Operadores de Comunicações Eletrónicas
- AEM Associação de Emitentes de Valores Mobiliários
- APDC Associação Portuguesa para o Desenvolvimento das Comunicações
- IPCG Instituto Português de Corporate Governance
- Porto Business School

5. SUPPORT FOR CULTURE

As a company that includes the entertainment area in its core business, we have invested in supporting culture, as mentioned in the section of this report dedicated to NOS' social responsibility initiatives. In this context, we are also associate members of leading cultural institutions, where we play a relevant role, as we are part of their governing bodies.

Institutions of which NOS is a member and where it integrates the corporate bodies.

- Quinta da Regaleira
- Fundação CulturSintra

4.2. Responsible Management

We instituted an integrated management model, which views ESG management as a value creation lever, for NOS, and for the stakeholders that make up the value chain in which we operate.

We believe that being NOS a key element of the business and technological ecosystem, we play a fundamental role in promoting more sustainable practices, with the ambition to improve the lives of companies and people through technology.

We ensure an integrated global management, supported by a model of responsible competitiveness, which aims to create more value for our customers and stakeholders, based on business activities that follow ethical, environmental, social and Human Rights principles that underlie our way of being in the market.

Our Codes, Policies, and procedures, approved by governing bodies, such as the Board of Directors and/or Executive Committee, are supported by the principles and concepts of the intergovernmental instruments that relate to the topics that each of our Policies/Codes aim to manage. They were created to allow us to structure and formalize the commitments and principles that guide the systematic and continuous management, the main impacts of the business, and the respective value chain. They contain our commitment to identifying, preventing, mitigating, or compensating for negative impacts and enhancing positive ones. Some of them also stipulate the processes that must be implemented for carrying out due diligence.

Our sustainable management system comprises, in addition to Codes and a Transversal Policy, a set of policies and procedures aimed at specific topics and/or stakeholders. Its scope covers the NOS' operation and the activities that take place in its value chain, specifically with the chain of suppliers and partners. In this sense, the communication with the different stakeholders has been fundamental so that the instruments can be understood and implemented effectively, in our operation and chain of suppliers and partners.

This system, built and perfected over the last few years, has been developed, with the integration of new topics in our instruments, as a response to new potentially relevant risks, associated with emerging topics highlighted in our stakeholder engagement mechanisms. All of them are publicly available at the institutional area of our website.

TRANSVERSAL CODES AND POLICIES	
Code of Ethics	Defines the ethical principles and rules that govern the internal and external relations of the NOS Group Companies with stakeholders. The Code applies to all members of the governing bodies and employees of the Group, and also to all those who represent NOS ("Partners") and any person or entity that provides services, on a permanent or temporary basis, to the Group ("Suppliers").
Code of Conduct for the Prevention of Corruption and Related Offenses	Its main objective is to establish a set of principles, values and operating rules, transversal to all NOS activities, containing, among others, the rules applicable to the improper acceptance and offering of benefits, as well as in the areas of corruption, influence peddling and financial crimes, including money laundering or fraud in obtaining or embezzling subsidies, funds, or credits. It also defines the person responsible for Regulatory Compliance ("Compliance Officer") as the one responsible for the adoption and implementation of this Code and compliance programs arising from it.
Sustainability Policy	Clarifies the NOS' commitment to the implementation of a responsible management model. Defines the operating principles, which embody the ambition and what we propose to do to ensure sustainable progress: On Behalf of the Planet; For a Digital Future; Our People and Ethical and Responsible Management;

SPECIFIC POLICIES AND INSTRUMENTS	
Risk Management Policy	The Risk Management Policy is part of NOS' Corporate Governance instruments. Its main objective is to define the risk management system, including the respective methodologies, main processes associated with risk management and monitoring, intervening entities and the respective responsibilities.
Security and Privacy Policies	The Statement of Commitment to Privacy and Protection of Personal Data details NOS' commitment to privacy, security and data protection. This commitment is embodied in privacy policies and standards, including the Customer Privacy Policy, the Employee Privacy Policy, as well as the General Information Security Policy. The Information Security Policy defines the Information Security Principles that must be followed by Employees and by Suppliers and Partners, as well as the security levels and domains, and respective control objectives. The purpose of the NOS Privacy Policy is to allow customers to understand how our organization collects, processes, and protects the personal information transmitted by all those who use NOS services.
Tax Policy	The Group's Tax Policy combines its tax strategy and its commitment to tax regulations and the application of all good tax practices, thus promoting collaboration and cooperation with the Tax Administration. The tax strategy consists of ensuring compliance with applicable tax legislation and rules and seeking adequate coordination of practices in tax matters followed by the companies of the Group, considering the company's interest, and ensuring the achievement of long-term objectives, avoiding tax risks and inefficiencies when making decisions, thus enhancing the creation of value for the shareholder.
Codes and Requirements for Suppliers and Partners	The Procurement Manual comprises the steps and principles that we apply to the processes of acquiring products and services. Recognizing that our activity has environmental and social impacts, we consider it essential that our suppliers and partners comply with the legislation applicable to their activity, and that they internalize and act in accordance with the principles set out in our code of ethics. For this purpose, we have created a Short-version of the Code of Ethics for Suppliers and Partners. We also developed sustainability requirements for Suppliers and Partners, which reflect the essential elements of our positioning and commitment to sustainability, stipulating the set of principles and rules of action that must be adopted by our suppliers and partners. In this document we also present the management mechanisms associated with the incorporation of sustainability in our chain of suppliers and partners
Codes, Plans and Statements Applicable to People Management	In our Statement of Commitment for Diversity and Inclusion, we set out the principles that guide the behaviour of all governing bodies and employees of the Group regarding the topic of Diversity and Inclusion. It materializes one of the strategic axes of the NOS Sustainability Policy - Valuing our People. In The Gender Equality Plan, we define NOS' commitment and objective towards equal treatment and opportunities for all its people, promoting the elimination of any type of discrimination based on gender. The Code of Conduct for Preventing and Combating Harassment comprises the principles and rules that aim to prevent and, if necessary, combat harassment behaviour or any other form of attack on the dignity of employees or the people with whom they relate.

INTERGOVERNMENTAL INSTRUMENTS, CONSIDERED AS REFERENCE IN THE VARIOUS INSTRUMENTS OF OUR RESPONSIBLE MANAGEMENT SYSTEM

The principles and commitments that we establish, in our Codes, Policies and other procedures that structure our actions, are based on national and European Community legislation and on the alignment with and respect for internationally recognised principles in intergovernmental instruments.

- United Nations Sustainable Development Goals
- Declaration of the International Labour Organization (ILO) on fundamental principles and rights at work and the fundamental conventions established by it
- Principles of the United Nations Global Compact
- Charter of Fundamental Rights of the European Union
- Treaty on European Union, which emphasizes the values of the Member States, such as pluralism, non-discrimination, tolerance, justice, solidarity and equality between men and women
- Organization for Economic Co-operation and Development Guidelines for Multinational Enterprises
- International Bill of Human Rights, which encompasses (the Universal Declaration of Human Rights; the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights)
- United Nations Convention on the Elimination of All Forms of Discrimination against Women
- European Pact for Gender Equality
- United Nations Guiding Principles on Business and Human Rights
- World Business Council for Sustainable Development CEO's Guide to Human Rights
- Portuguese Charter of Human Rights in the Digital Age

Commitment to Human Rights

As a signatory of the CEO's Guide on Human Rights, NOS recognizes them as fundamental rights and freedoms to which every human being is entitled, without discrimination, as set out in the International Bill of Human Rights and the Declaration of Fundamental Principles and Rights of the International Labour Organization. In 2022, we carried out the process of identifying the current and potential impacts of NOS in this matter, and the additional commitments that must be integrated into our system of principles and policies, whether in the form of a dedicated policy, or by integration into one or more of the existing instruments, an aspect that is still being assessed. It should be noted that the topic of Human Rights is already addressed, albeit from a less in-depth perspective, by the Code of Ethics, in the Sustainability Requirements for Suppliers and Partners, as well as in other Topic Policies, and respective initiatives.

4.2.1. How we manage sustainability

In order to carry out our mission and policy, we have a responsible management model supported by a set of bodies and structures, with their respective responsibilities; and by systems and tools that contribute to monitoring the progress of NOS' sustainability strategy.

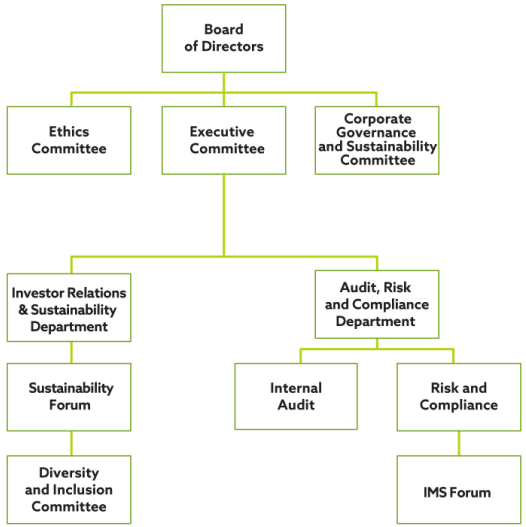
The mission and sustainability policy states our commitment to using the transformative power of information and communication technologies to explore new opportunities that contribute to building a better future for everyone. A future that promotes prosperity and creates social, environmental, and economic change, seeks to optimize processes, and improve the capabilities of people and organizations.

Sustainability Mission	**Sustainability Purpose**
Connected to a world that connects us all. Using the power of information and communication technologies to develop innovative solutions that contribute to an inclusive society, protect the environment, and promote social and economic transformation.	We inspire a sustainable future. We believe in the power of technology to respond to the environmental and social challenges we face. We are part of something bigger than ourselves and our ambition is to leave a positive mark on everything we do.

Sustainability Management		
1. Bodies, Structures and responsibilities defined to ensure ESG management.	2. Sustainability Strategy, organized in strategic cycles, aligned with the 2030 Agenda/SDG, addresses main ESG impacts, risks and opportunities.	3. Appropriate systems and tools to identify and monitor the implementation of the strategy, and the effectiveness of the measures adopted to manage the impacts, risks and ESG opportunities.

1. BODIES, STRUCTURES AND RESPONSIBILITIES DEFINED TO ENSURE ESG MANAGEMENT

In addition to the NOS bodies and committees, which have their sustainability responsibilities described, and which can be consulted on the Group's website, operational management is provided by the business areas and a set of structures dedicated to ESG, under the supervision of NOS' governing bodies and committees, as illustrated and explained below.



Board of Directors

In defining the Company's strategy and policies, the Board of Directors seeks to ensure the Company's long-term success and to contribute to the overall welfare of the community.

Executive Committee

The Executive Committee is fully committed to the management of sustainability in the company, with the utmost responsibility for approving the Corporate Sustainability Strategy. It is the body that supervises and approves the ESG information included in NOS' annual report. Additional information at the Corporate Governance Report section.

Corporate Governance and Sustainability Committee

Its function is to reflect on the adopted corporate governance system, structure, and practices, verify its effectiveness and propose to the competent bodies the measures to be implemented with a view to its improvement. It supports the Board of Directors in carrying out its role of supervising social activity in matters of corporate governance, rules of conduct and social responsibility. For more information consult the Corporate Governance Report section.

Ethics Committee

Its mission is to disclose and monitor, with impartiality and independence, the NOS Group Code of Ethics. More detailed information at the Risk Management section and at the Corporate Governance Report section.

Investor Relations and Sustainability Department

The Investor Relations and Sustainability Department, delegated by the Executive Committee, is responsible for coordinating the respective implementation and day-to-day management of the Corporate Sustainability Strategy with the various departments and business areas which in turn ensure its operational execution. The Investor Relations and Sustainability Department works in close articulation and coordination with the Ethics Committee with regard to all relevant actions for the implementation of the sustainability strategy that intersect with ethics and conduct issues. Likewise, it regularly coordinates with the Integrated Management System (IMS) Coordination Committee, participating in the IMS Forum promoted quarterly by this Committee, but also on a day-to-day basis whenever justified, especially in terms of environmental and Occupational Safety and Health (OSH) areas. Reporting to the Vice President of the Executive Committee and CFO, who quarterly shares with the Executive Committee the results of the corporate strategy scorecard, which includes the ESG targets and commitments (ESG scorecard).

Sustainability Forum

Created in 2021, it meets three to four times a year, with the aim of increasing the dynamics of coordination and the exchange of information and experiences, promoting a cross-cutting approach to the entire company in the pursuit of common strategic objectives and targets, and to establish a dynamic of regular and systematic monitoring and reporting to the Management team on the course of initiatives associated with the execution of the strategy and performance vis-à-vis the associated targets. Coordination is carried out by the Investor Relations and Sustainability Department and involves members of the Executive Committee and Directors and/or representatives of the areas with the greatest impact on ESG strategy and performance, as permanent members. Within this scope it also works as a platform to strengthen the knowledge of the members of the governing bodies about the ESG area.

Diversity & Inclusion Committee

Founded in 2021, the Diversity and Inclusion Committee has the role of implementing, maintaining, supervising, and perfecting the Diversity Policy/Gender Equality Plan and the measures contained therein, as well as suggesting the measures it deems appropriate for developing a diverse and inclusive company culture.

For this purpose, the Committee is sponsored by the Executive Committee and composed of the Coordinator of the Diversity Policy Operational Team and the Director of People and Organisation, and occasionally by representatives of other departments, who act as experts in various areas."

Audit, Risk and Compliance and IMS Forum

The IMS Forum is promoted by the Risk and Compliance area, integrated in the Audit, Risk and Compliance Department. This area has the role of coordinating the Integrated Management System (IMS) Coordination Committee. The Committee is sponsored by the Executive Committee and is composed of Pivots from different Departments/Areas of the Company. The Forum meetings are one of the fundamental pillars for IMS management and aim to promote the sharing of information between the areas of the company most directly involved in quality, environment and OHS, optimising their interaction and promoting participative decision-making processes.

2. SUSTAINABILITY STRATEGY, ORGANIZED IN STRATEGIC CYCLES, ALIGNED WITH THE 2030 AGENDA/SDG, ADDRESSES MAIN ESG IMPACTS, RISKS AND OPPORTUNITIES

Our performance is governed by strategic cycles, in order to ensure adjustment to a highly dynamic market and the focus of our action on what, at any given moment, is most relevant to the business and to our stakeholders. In each strategic cycle, strategic priorities are defined that make the sustainability mission tangible. The current strategic cycle corresponds to NOS' third sustainability strategic cycle and is for the first-time coinciding with the Group's global strategic planning cycle in order to allow a convergent action plan and statement of the increasingly strategic character that SDG performance assumes for NOS.

When establishing priorities for action, identified in each new strategic cycle, the structured and systematic approach is based on:

- In the context and trend analysis that we carry out on an ongoing basis to assess the main impacts, risks, and opportunities relevant to the business. (more information at the section Our Strategy and Risk Management)
- In identifying relevant ethical, environmental, and social topics and impacts for stakeholders and the organization; (more information at the Material Sustainability Topics section)
- In a strategy of proximity and dialogue with stakeholders, which allows us to know and effectively respond to their main concerns and expectations, and build solid relationships that drive value creation; (more information at the section Purpose of our approach to stakeholders)

The Sustainability Strategy is aligned with the United Nations Sustainable Development Goals (SDGs), contributing more actively to 11 of the 17 goals, as they are those that are most intertwined with our activity and positioning and, therefore, on which we can add more value, and promote the sustainable development of society.

It is organized into four strategic pillars and encompasses clearly defined and ambitious commitments and targets for each of them, facilitating the monitoring and perception of the contribution provided by the respective implementation. Progress in meeting these commitments and targets allows us to systematically mirror our contribution to the SDGs and can be consulted at the Our Strategy section.

PILLARS OF NOS' SUSTAINABILITY STRATEGY

I **On Behalf of the Planet** Lead unequivocally in combating climate change and in the circular use of resources, positively influencing the entire value chain.	**II** **For a Digital Future** Promote the digital transformation of society, through democratic access to technology and the inclusion of the most vulnerable audiences
III **More for Our People** Positioning NOS as the best company to work for, promoting diversity and inclusion, and equal opportunities, as well as people's physical and emotional balance	**IV** **Ethical and Responsible Management** To be an example in the implementation of best management practices, with a focus on ethics, governance, risk management and continuous assessment of the supply chain

MATERIAL SUSTAINABILITY TOPICS

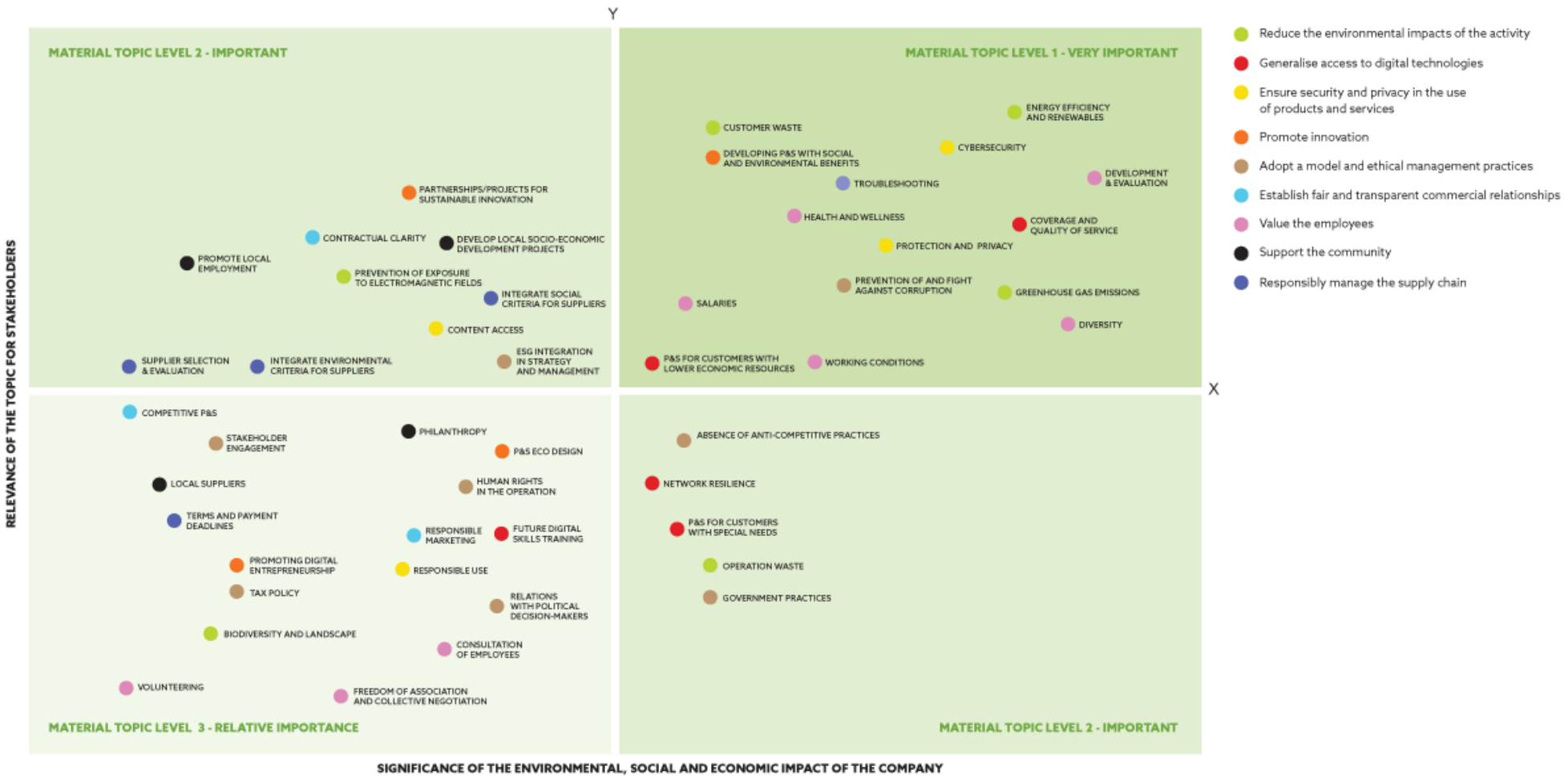
In the period of preparation for a new strategic cycle, we promote a broad reflection with the purpose of identifying the sustainability topics that are most relevant in the context of our activity. The process considers our business positioning and vision, what are the main sustainability drivers, the main ESG impacts associated with our business, and the topics that are relevant to our stakeholders.

The 2021-2025 Sustainability Strategy was concluded after a reflection that considered the results of the internal and external stakeholders listening process carried out in 2020, but also context factors, such as the challenges imposed by the market, regulation, expectations of analysts, among others, reflected in risks and opportunities.

This exercise allowed us to identify the four guiding axes of our performance, reflected in the strategy, and the most relevant sustainability topics that encompass the vision of the main impacts, risks and opportunities related to ethical, environmental, and social and human rights issues, which impact the ability to generate value for our business and for our stakeholders. The process carried out includes three stages: (i) Identification; (ii) Scoring; and (iii) Prioritization, as illustrated. It had as a direct output the materiality matrix, also presented below.

1. Identification	2. Scoring	3. Prioritization
– It consisted of consulting several relevant external and internal sources that allowed us to identify an exhaustive list of 47 topics organized into 9 areas of intervention, which are directly or indirectly linked to our business and its environmental, social and economic impact (risks and opportunities), as well as the interests of stakeholders, and concomitantly with our ability to generate and preserve value in the short, medium or long term.	– The relevance of the 9 intervention areas, as well as the 47 topics, was subject to a scoring process by representatives of many of the most relevant internal and external stakeholder groups for NOS: (i) customers (private segment, companies and corporate segment); (ii) employees and management team; (iii) partners and suppliers; and (iv) investors. – At the same time, the potential impact of the same 47 topics was evaluated, using the sources analysed in step 1 and applying appropriate criteria for scoring;	– Stakeholder assessments were consolidated, considering the importance of each topic and the corresponding area of intervention, and then the two assessments (stakeholders and impact) were organized in a matrix. – The relevance thresholds were established taking into account the positioning in the quadrants of the materiality matrix.

Materiality Matrix



The prioritization of results, reflected in the materiality matrix, were analysed and in some cases, based on their correlation, were regrouped into broader topics, resulting in the following list of material topics. These topics form the foundation of the strategic pillars and, at the same time, constitute the main focus of the sustainability information report reflected in this report. The following table shows the relationship between the material sustainability topics, the priority axes of action of the 2021-2025 sustainability strategy and the GRI standards considered, as they are the ones that best reflect the respective material topics.

Strategic pillar (Sustainability strategy)	**Material topics***	**GRI Standards**
ON BEHALF OF THE PLANET	**Energy and climate** Increase energy efficiency. Increased renewable energy consumption. Reduce greenhouse gas emissions in the operation and in the value chain	302-1; 302-3; 302-4; 305-1; 305-2; 305-3; 305-5
	Waste management and circular economy Reducing and recovering waste generated at the facilities and promoting circularity through the reuse, resale or recycling of network and customer equipment, as well as the offer of products and services that integrate recycled materials.	306-1; 306-2; 306-3; 306-4; 306-5
FOR A DIGITAL FUTURE	**Network and service coverage and quality** Increase network coverage and quality of service (e.g., connection reliability, data traffic speed)	-
	Network resilience Ensuring network resilience and response to emergency situations (e.g., operation in storm or fire situations)	-
	Digital inclusion Promotion of generalized and informed access to digital technologies, through the general and specific solutions offer for customers with low economic capacity and customers with special needs, as well as investing in initiatives to promote literacy and digital skills.	-
	Security & Privacy associated with products and services Ensuring the protection of personal data and customer privacy and protecting customers and systems against cyber-attacks and fraud. Protect customers, and in particular vulnerable groups (e.g., children and young people), against access to abusive content and illegal activities	418-1
	Sustainable Innovation Promote new technological solutions or innovative application contexts, which translate into an offer or development projects that respond to social and environmental challenges (e.g., connectivity solutions that increase energy efficiency and reduce emissions, telemedicine for isolated populations, smart cities)	-
MORE FOR OUR PEOPLE	**Diversity, inclusion, and equal opportunities** Ensuring equal opportunities, diversity and combating discrimination	405-1; 405-2; 406-1
	Evaluation and development Ensuring career development opportunities and fair and transparent evaluation processes	404-1; 404-3
	Work conditions Ensuring adequate working conditions (e.g., suitability of facilities, working hours, rules for remote work, rights and guarantees of a contractual nature and others).	2-7; 2-30; 401-1; 401-3

Strategic pillar (Sustainability strategy)	Material topics*	GRI Standards
	Remuneration and benefits Remuneration and benefits package compatible with the duties performed	401-2; 405-2
	Safety, health, and well-being Promote the safety, health, and physical and emotional well-being of employees (e.g., combating work stress, initiatives that promote a healthy lifestyle, motivation, and team spirit)	403-1; 403-2; 403-3; 403-4; 403-5; 403-6; 403-7; 403-9; 403-10
ETHICAL AND RESPONSIBLE MANAGEMENT	**Fair and transparent business relationships** Clear, simple, and transparent commercial and contractual information and quick resolution of problems related to contracted products and services.	417-2; 417-
	Ethics and conduct Principles and mechanisms for promoting an integrated conduct that safeguards fundamental ethical factors in conducting business, such as preventing and combating corruption or fair competition practices, among several other aspects legally established or corresponding to good practices.	2-23; 2-26; 201-4; 205-2; 205-3; 206-1; 2-27; 406-1 407-1; 408-1; 409-1; 415-1; 418-1
	Good Corporate Governance Practices Adopt a governance structure in line with the best corporate governance practices (e.g., rules on the composition, appointment and responsibilities of management bodies, management remuneration rules, including ESG criteria).	2-9; 2-12; 2-10
	Responsible supply chain management Integrate social and environmental criteria in the selection and contracting of suppliers e.g., respect for human and labour rights, environmental control, and eco-efficiency practices), ensuring fair and transparent selection and evaluation processes.	2-6; 204-1; 308-1; 407-1; 408-1; 409-1; 414-1
	Contribution to local development Contribute to local development through business and by promoting or supporting local socio-economic development project.	
	Prevention of exposure to electromagnetic fields Ensuring safe levels of exposure to electromagnetic fields generated by network facilities and customer equipment (e.g., mobile network antennas, mobile phones)	2-23; 416-1; 416-2

3. APPROPRIATE SYSTEMS AND TOOLS TO IDENTIFY AND MONITOR THE EFFECTIVENESS OF MEASURES ADOPTED TO MANAGE ESG IMPACTS, RISKS AND OPPORTUNITIES

Of the elements that make up the NOS management system, as well as the tools that allow the Group to manage its main ESG impacts, we highlight the Scorecard and the Integrated Management System, due to their criticality. The first as a progress monitoring tool, and an instrument that facilitates the assessment of results by the Executive Committee. The second because it ensures the implementation of procedures that allow the Group to identify and assess ESG impacts and determine programs and initiatives to manage them.

Scorecard

Following the approval of NOS' sustainability strategy for the 2021-2025 cycle, an ESG Scorecard was defined and approved by the Executive Committee, with structured metrics for each of the strategic axes that make up the sustainability strategy. This tool allows to systematically and regularly record and report to the Executive Committee and Board of Directors, through a selected set of KPIs, the evolution of strategy implementation, the associated performance and the milestones reached.

Integrated Management System (IMS)

The continuous improvement of our processes and activities is a relevant element of our organizational culture and the sustainability of our operations. Part of our commitment is to adopt the best market practices. To this end, we make use of a range of management systems certified in accordance with international reference standards based on this philosophy. Our certified management systems cover the following domains:

Integrated Management System:

- ISO 9001 "Quality Management System",
- ISO 14001 "Environmental Management System"
- ISO 45001 "Occupational Health and Safety Management System"

Other Certified Management Systems:

- ISO 27001 "Information Security Management System";
- ISO 20000 "Service Management System".

Within the scope of the Integrated Management System, processes are implemented to identify the main impacts, and programs and initiatives to address these impacts. These systems are subject to audits and comply with a cycle of continuous improvement, which promotes the prevention and mitigation of the main negative impacts associated with the business. For more information consult the institutional area of the NOS website.

4.2.2. Risk Management

Risk management is an integral part of NOS' management culture and one of the fundamental pillars of Corporate Governance.

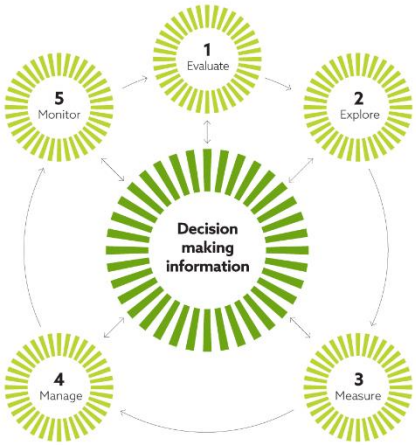
The creation of value for our stakeholders is crucial to the development of our business. NOS has a comprehensive perspective of the main risks to which it is exposed, ensuring careful monitoring and assessment of the enabling factors presented both by the external and internal environment, which allows it to identify effective and proportionate management and mitigation responses that safeguard the business and the interest of its main stakeholders.

Risk management model:
NOS' risk management system is based on the following key elements.

RISK MANAGEMENT POLICY	RISK ASSESSMENTS	INTERNAL CONTROL SYSTEM BASED ON THE INTERNAL CONTROL MANUAL	AUDITS OF MANAGEMENT SYSTEMS (ISO 9001, 14001, 45001, 27001 AND 20000) AND EXTERNAL AUDIT (STATUTORY AUDITOR)
Definition of methodologies, intervening entities, and their respective responsibilities in risk management in the organization. It provides for periodic risk assessment exercises that allow reviewing and prioritizing the main corporate risks that may compromise the performance and objectives of the different areas of the organization.	Periodic performance of risk assessments that allow reviewing and prioritizing the main risks, positioning them in a Risk Matrix.	Systematization is carried out, with reference and highlighting of: functional/financial controls; IT controls; controls associated with the requirements of ISO standards.	Compliance audits (internal and external) covering ISO management system certifications and Statutory Auditors' Report.

RISK MANAGEMENT MODEL

The risk management system at NOS is based on the following main elements:



THE 5 STAGES OF THE RISK MANAGEMENT PROCESS

The risk management processes are supported by the Enterprise Risk Management (ERM) methodology, a consistent, systematic and based on the best international practices and standards methodology. It follows 5 stages to prepare information for decision-making, which may be applicable, both at the corporate level of NOS Group companies/businesses, or at the level of specific processes/projects: 1. Evaluate ; 2. Explore; 3. Measure; 4. Manage; 5. Monitor.

For more details on the stakeholders, responsibilities and risk management methodologies adopted at NOS, consult the section "C.III. Internal control and risk management".

2022 RELEVANT RISKS

The process of identifying and selecting relevant risks for 2022 was based on the NOS Business Risk Model, the risk dictionary in force at NOS, which is broken down into 5 categories, 19 risk subcategories and 82 risks. Of these, 26 risks were considered relevant.

NOS RISK DICTIONARY	5 Risk Categories	19 Risk Subcategories	82 Risks
	26 Relevant risks in 2022		

Relevant risks were identified based on 4 criteria: 2022 context risks, intrinsic risks to NOS activities, sustainability risks (ESG) and financial risks.

1. 2022 Context Risks (Top 10)

These are the risks with the highest probability and/or impact (Top 10) for the NOS context, resulting from the 2022 corporate risk assessment exercise, carried out by the NOS Executive Committee. Those identified in the specific risk assessments of the following certifications are also considered to be relevant risk:

- ISO 27001 "Information Security Management System"
- ISO 20000 "Service Management System"

2. Intrinsic risks (to NOS' activities)

These are the main risks to which NOS' businesses and activities are intrinsically subject, in addition to those that may already be considered in the Top 10 of context risks.

3. Sustainability Risks (ESG)

These are the risks most directly associated with environmental, social, and corporate governance issues; they also consider the most relevant risks identified by NOS in the specific risk assessments of these certifications:

- ISO 9001 "Quality Management System"
- ISO 14001" Environmental management system"
- ISO 45001 "Occupational Health and Safety Management System"

4. Financial risks

These are the main financial risks identified by the External Financial Auditor, in accordance with the standard:

- ISA 701 "KAM - Key Audit Matters"

The application of these criteria resulted in a total of 26 risks in the categories of Business Environment, Governance, Operational and Financial .

NOS | BRM - Business Risk Model | 2022

NOS Global Risk Dictionary and highlights of risks considered relevant in 2022

Category | Sub-Category | Risks						
BUSINESS ENVIRONMENT	BUSINESS STRATEGY	GOVERNANCE	OPERATIONAL			FINANCIAL
Politics and Economy	**Strategy and Planning**	**Corporate Governance**	**People**	**Processes**	**Partners**	**Financial Performance**
Political Environment	Business Portfolio	Government Practices	Leadership	Communication and Strategy Alignment	Partner/Outsourcing Management.	**Liquidity**
Economic Environment	Life cycle	**Social responsibility**	Skills and Training	**Digital Transformation**	Partners/Third Parties Credit and Collections	FCF | EBITDA- CAPEX
Sector and Market P&S	Planning and Control	Relations with Official Entities	Resistance to change	Process Efficacy and Agility	**Business Assurance**	FCF | Working Capital
Sector/Market Attractiveness	Performance Monitoring	Ethics	Internal Communication & Sharing	Process Efficiency and Performance	**Revenues and Cost Assurance**	Financial investments
Mergers and acquisitions	Strategic Partnerships	Management Fraud	Performance & Recognition	Compliance	Employee/Partner Fraud	Financial Assets or Real Estate
Competition	Investment Assessment and Decision	**Corruption and Related Offenses**	**Recruiting and Talent Retention**	Contractual Commitments	**Customer/Third Party Fraud**	**Accounting and Reporting**
Technological Innovation	**Brand and Reputation**	**Organization**	Diversity and Inclusion	**P&S and Customer Satisfaction**	**Security & Privacy**	Accounting Practices
Consumer Preferences	Brand	Structure and Organizational Agility	**Occupational Health and Safety**	Agile Development of P&S	Confidentiality	**Taxation**
Shareholders and Financial Markets	Reputation	Skill Segregation and Delegation	Well-being	**Sustainable P&S**	Integrity	Financial Reporting
Shareholders relations	External Communication		**Tec-Op. Resources**	**P&S Communication**	**Availability / Resilience**	
Funding and Capital	Sponsorship and Patronage		Network and Systems Dev.&Op.	P&S Pricing	**Privacy**	
Financial Markets			Facilities Dev.&Op	P&S Sales and Distribution	**Cybersecurity**	
Interest Rate			Procurement and Suppliers	**P&S Performance**	**Catastrophic Losses/ Business Continuity**	
Exchange Rate			Stock and Equipment Management	**Customer Experience Quality**	**Environment**	
Legislations and Regulation			Rights and Licenses Management	Service Management Quality (Corporate)	**Environmental impacts**	
Legal				Customer Knowledge and Retention	**Climate change**	
Regulation				**Customer Credit and Collections**		

Subtitle:

Category
Subcategory
Risk
Relevant Risk
Relevant risk 2022 context (Top10)

In the matrix we present the relevant risks organized into 4 clusters that correspond to the aforementioned identification criteria. In each of the clusters, the risks are organized in the order in which they appear in the BRM risk subcategories. Additionally, in the matrix, risks are typified as Economic, Financial or Legal, in line with what is required in the Corporate Governance Report in point "53. Identification and description of the main types of risks (economic, financial, and legal) to which the company is exposed in the exercise of its activity."

Intrinsic Risks	Context Risks (Top 10)
• Technological Innovation • Digital Transformation • Revenues and Costs Assurance • Customer/Third Party Fraud	• Economic Environment • Competition • Legal • Regulation • Recruitment and Retention of Talent • P&S performance • Availability/Resilience • Privacy • Cybersecurity • Business Continuity / Catastrophic Losses
• Social Responsibility • Corruption and Related Offenses • Occupational Health and Safety • Sustainable P&S • P&S Communication • Customer Experience Quality • Environmental Impacts • Climate Changes	• Interest rate • Credit and Collections • Liquidity • Taxation
Sustainability Risks	**Financial Risks**

- Economic Risks
- Financial Risks
- Legal Risks

In the following tables we identify and summarize the relevant risks and the respective response actions to manage them. We also identified the opportunities associated with risk-enhancing factors, combining the protection of the business against risks with the maximization of value for stakeholders.

CONTEXT RISKS (TOP 10)

Risks		Actions	Opportunities	Impact on NOS Strategy
– **Economic Environment**	– Widespread rise in inflation that impacts the cost structure. – As a result of the conflict in Ukraine, shortages and rising costs of various raw materials, in particular rising energy costs.	– Renegotiation of relevant supply contracts to optimize the structure of operating costs. – Monitoring of material prices to better assess the timing of purchases. – Implementation of measures to reduce energy consumption and cost in the network, offices, and cinemas. – Control and/or setting of the energy acquisition price. – Additional information in the section "Context and Trends that Influence and Challenge us".	– Reduction of energy consumption. – Reduction of the carbon footprint.	– Value Creation
– **Competition**	– Increase of the competitive intensity of the market, potential reduction of market share and/or loss of customers, potential difficulty in attracting and retaining customers.	– Strategy of constant improvement of quality, differentiation and innovation of products and services, protection, and diversification of the offer, crossing offers between NOS businesses. – Strengthening of the new business portfolio (e.g., NOS Insurance, NOS Alarms). – Consolidation of the offer to protect specific segments (e.g., WOO brand for adult and low-price digital segments). – Additional information in the section "Context and Trends that Influence and Challenge us".	– Eventual new opportunities to expand the business portfolio.	– Leading in 5G – Competitive Offer – Close Relation – Value Creation
– **Legal** – **Regulation**	– Changes in national or European legislation or regulations may have an impact on the company's operations (e.g., the new CECE and the updated LCE (Electronic Communications Law) with impacts on customer loyalty periods in certain situations, applicability of the Net Neutrality Regulation to zero rating offers). – Supervision and possible proceedings and fines from sector-specific regulators, ANACOM for the electronic communications business, and the Portuguese Regulatory Authority for the Media (ERC) for television services activities and provision of audiovisual content. – Supervision and possible proceedings and fines of transversal regulators, such as the Competition Authority (AdC), the National Data Protection Commission (CNPD) and the National Cybersecurity Centre (CNCS).	– Projects and initiatives to address and ensure compliance with changes in legislation and regulations that impact NOS, involving the corporate, business, and technological areas necessary for their implementation. – Existence of the NOS Compliance Officer – Additional information in the section "Regulatory Framework".	– Identification of possible opportunities for the competitive position of NOS companies in the business sectors in which they operate, as a result of the analysis of threats and opportunities associated with changes in legislation and regulations and the adaptation of international sectoral trends (via benchmark)	– Leading in 5G – Digital Emancipation – Competitive Offer – Close Relation – Value Creation – Focus on People
– **Talent Recruitment and Retention**	– Ineffective recruitment, talent management, or resource retention policies or practices. – Shortage of technological/digital profiles, due to the globalization of the labour market and the greater demand for this type of profiles by companies.	– Improvements in recruitment processes, including the strengthening of the "Talent Acquisition" team and improvements in online recruitment platforms. – NOS Alfa programs (e.g. Alfa Biz, Alfa Tech) for the selection and recruitment of highly talented recent graduates, including approaches to universities in technological areas. – Leadership NOS program with the aim of boosting the development of the different levels of leadership at NOS, creating the conditions to accelerate the transformation of the organization (with the motto "Whoever does it, takes the team along"). – Hybrid work model for most employees, including flexibility mechanisms. – Additional information in the sections "Connected to our people and to the challenges of the future" to "Talent Management".	– Increase of NOS' attractiveness as an employer. – Increased employee satisfaction. – Decreased costs of replacing key resources that have a high degree of knowledge or specialization.	– Focus on People

Risks		Actions	Opportunities	Impact on NOS Strategy
– **Products & Services Performance**	– Products & Services potentially subject to nonconformities, failures or performance and reliability problems, which may not meet customer expectations or result in complaints. – Possibility of communication services with lower quality than desired (e.g., network coverage and quality, service execution/delivery speed, unsuitable equipment).	– Application of analytical models that proactively identify causes for service degradation, accelerate the process of detecting and resolving malfunctions and recommending to customers the best actions to resolve them. – Strengthening the capacity of mobile and fixed networks, to respond to changes in standards and the increased needs of residential and corporate customers in the growing context of remote work and digitalisation. – Introduction of new equipment that allows for better quality of service (e.g. new TV boxes; smart Wi-Fi). – Existence of civil liability and professional civil liability insurance, applicable to customer complaints related to physical damage caused by NOS or service failures with breach of contract with proven impacts on the customer. – Additional information in the sections "Leading in Next Generation Networks" and "A resilient and available system".	– Increased customer satisfaction. – Proactivity in identifying service problems and preventive resolution. – Decrease in customer management/support operating costs.	– Leading in 5G – Digital Emancipation – Competitive Offer – Close Relation
– **Availability / Resilience** – **Business Continuity/Catastrophic Losses**	– Possibility that information or technological resources may become unavailable or lack the necessary resilience capabilities to withstand an incident and to continue to provide the company's information and services. – Possibility of the company not being able to maintain business continuity, including critical activities or the provision of priority products and services, as a result of a catastrophic event caused by a natural disaster or a critical technical-operational interruption/rupture (e.g., systems, network platforms, physical infrastructure, other assets), human resources (e.g., pandemics), financial resources or other key resources.	– Business Continuity Management (BCM) program that covers facilities, network infrastructures, business activities and the most critical functions that support the communications services. For these areas, the company develops and maintains plans/actions to improve the availability and resilience of services and incident/crisis management plans/procedures. – Maintenance of part of the specific contingency initiatives for the COVID-19 Pandemic, still relevant in early 2022, in order to ensure critical activities and services and the protection of the respective employees and partners. The measures for the protection of most employees and partners were also addressed within the scope of the Occupational Health and Safety risk. – Additional information in the sections "Security and Privacy" and "A resilient and available system".	– Increase in the company's response capacity to prevent incidents from becoming more serious crises, ensuring continuity of activities and critical services for the community. – Strengthening the protection of the company's reputation and image.	– Digital Emancipation
– **Privacy**	– Possible non-compliance with rules on personal data protection.	– Program of initiatives aimed at implementing processes for the Protection of Personal Data, as well as continuously monitoring and improving compliance with the General Data Protection Regulation (GDPR) and other regulations with an impact on privacy. – Existence of Privacy Policies and Rules periodically updated and disclosure via training. – Existence of the NOS Data Protection Officer ("DPO" or "Data Protection Officer"). – Additional information in the "Security and Privacy" section".	– Increased trust on the part of customers and employees about the protection of their personal data.	– Digital Emancipation
– **Cybersecurity**	– Critical resources (systems, network platforms, infrastructure, other assets) potentially exposed to security vulnerabilities that make them subject to attacks, intrusions, alterations, destruction or other threats, from internal or external sources (e.g. ransomware, malware, phishing). – Widespread increase in cyber-attacks with a significant impact at national and international level, with the aim of compromising the information security of individuals and companies and causing interruptions in essential services for the community.	– Set of initiatives to improve operational procedures, continuous monitoring and technical measures for cybersecurity protection and contingency. – Existence of Information Security Policies and Rules periodically updated and disclosure via training. – Increased training of the Cybersecurity team, with the strengthening of cyberstrategy, cyberarchitecture, Cyberintelligence and cyberdefense skills (including the strengthening of SOC - Security Operations Centre operation). – Appointment of the CISO - Chief Information Security Officer NOS. – Additional information in the "Security and Privacy" section".	– Increased confidence by customers and the community about the company's ability to defend against cyber-attacks, protecting information and ensuring critical services. – Expansion of the offer of cybersecurity services for B2B customers.	– Digital Emancipation

INTRINSIC RISKS

Risks		Actions	Opportunities	Impact on NOS Strategy
– **Technological Innovation**	– Possibility of the company not being able to adequately take advantage of, keep up with investment or monetize technological advances to achieve or maintain a competitive advantage (e.g. 5G deployment, 5G use cases, cloud services, managed services)	– Several initiatives to promote the application of 5G use cases, highlighting the existence of the 5G Fund sponsored by NOS and the launch of the new NOS Hub 5G. – Strengthening the portfolio of services for B2B customers (e.g. cloud, managed services, cybersecurity) – Additional information in the section "Leading a world of new possibilities with 5G" and following.	– Communications market leadership through leading in 5G network and experience, challenging and supporting the community to evolve with 5G. – Expansion of the portfolio of low-carbon services, especially for B2B customers, taking advantage of technological innovations resulting from the use of electronic communications in conjunction with IoT and Cloud-based solutions.	– Leading in 5G – Digital Emancipation – Competitive Offer
– **Digital Transformation**	– Changes in consumer profile (from physical to virtual). – Possible inability of the company to guarantee the digital transformation of traditional business processes.	– Intensive and massive data processing (e.g., Big Data, Advanced Analytics), supported by new technologies (e.g. Cloud, Data Lake, Machine Learning, AI, RPA), have enabled the automation of processes and the application of analytical models that allow for a deeper understanding of changes in consumer profiles. – Digitization of various business processes with an impact on the customer: functional improvements in the NOS Apps, increasing promotion of electronic invoice adherence, robotization of internal customer management processes, digitization of processes in NOS stores. – Additional information in the "Customer and Digital Centric Excellence" section".	– Optimization and simplification of internal and customer processes. – Increased customer satisfaction. – Creation of more personalized and tailored customer journeys. – Expansion of the low carbon services portfolio, taking advantage of the growing digital transformation needs of B2B customers supported by new technologies.	– Digital Emancipation
– **Revenue and Costs Assurance**	– Inherent operational risks regarding the assurance and monitoring of customer revenues and costs, from a revenue stream and platform integrity perspective.	– Dedicated Revenue Management and Control team (Revenue Assurance) that applies revenue integrity control processes (under- or over-billing) and cost control. – Billing processes with execution of revenue controls, with regard to the quality of billing.	– Reduction of revenue losses or service costs. – Improved customer satisfaction for the quality and completeness of the service invoices they receive.	– Competitive Offer – Value Creation
– **Customer/Third Party Fraud**	– Fraudulent customers or third parties can take advantage of potential vulnerabilities in business processes, network, or communications services.	– Teams dedicated to fraud control, including subscription fraud, consumption fraud and content fraud. – Monitoring processes and fraud controls in order to avoid anomalous situations of fraudulent consumption or misuse of services (e.g., illegal provision of TV channel content, phishing actions via SMS directed at NOS customers). – Additional information in the section "Fighting content fraud".	– Decreased adverse impacts on customer satisfaction and possible service disruptions. – Reduction of service revenue losses.	– Competitive Offer – Value Creation

SUSTAINABILITY RISKS (ESG)

Risks		Actions	Opportunities	Impact on NOS Strategy
– **Social Responsibility**	– Eventual failures of commitment to social responsibility principles. – Respect for the principles of Human Rights.	– Existence of a NOS Sustainability Policy. – Social responsibility program, focused on the development of digital skills, aimed at the most vulnerable segments of the population. – Additional information in the sections "At the service of an increasingly evolved and digitized society" and "Products and Services with Environmental and Social Benefits".	– Socially and ethically responsible policies for the community, benefiting the image, reputation and sustainability of the business.	– Focus on People
– **Corruption and Related Offenses**	– Eventual failures in the mechanisms required for preventing and combating corruption and related offenses and for protecting whistle-blowers.	– Rules of conduct set out in the NOS Code of Ethics. – Training for Employees and Suppliers; Compliance monitoring through reporting channels – Existence of the NOS Code of Conduct on the Prevention of Corruption and Related Offenses. – Publication of the new NOS Risk Prevention Plan for Corruption and Related Offenses. – Update of the NOS Irregularity Reporting Regulation ("whistleblowing"), reporting channels and whistle-blower protection mechanisms. – Existence of the Compliance Officer at NOS. Additional information in the "Ethics and Conduct" section.	- Socially and ethically responsible policies for the community, benefiting the image, reputation and sustainability of the business.	– Focus on People
– **Occupational Health and Safety**	– COVID-19 pandemic, still relevant in early 2022. – Other situations that could compromise people's health or physical safety.	– Operation of the COVID-19 Crisis Office until the end of the pandemic crisis. – Initiatives and structured contingency plans to guarantee the protection of people in the workplace, while the legal obligations determined by the Government are in force or as long as the risk level justifies it. – Continuation of the reinforcement on Personal Protective Equipment (PPE) for employees for ergonomic, physical, mechanical, and electrical risks. – Annual survey to workers on Occupational Safety and Health. – Additional information in the "Safety, health and well-being" section.	– Implementation of a hybrid work model (in-office and remote days). – Improving the well-being and work-life balance of employees. – Increased levels of protection for the health and physical safety of employees.	– Focus on People
– **Sustainable Products & Services**	– Possible failures to adopt practices that promote the existence of Products & Services perceived as sustainable.	– Provision of increasingly efficient Products & Services from an environmental and social point of view. – Additional information in the section "Products and Services with Environmental and Social Benefits".	– Positive impacts for society, increased accessibility by the population, reducing info-exclusion and enhancing diversity.	– Competitive Offer – Focus on People

Risks		Actions	Opportunities	Impact on NOS Strategy
– **P&S communication**	– Occasional failures to adopt responsible communication (e.g. clarity of information, transparency, etc.) about the characteristics, contractual conditions and tariffs of the Products & Services.	– Ensure compliance with agreed conditions and applicable legal and regulatory requirements. – Adherence by NOS to the Code of Conduct of the Advertising Self-Regulation Association. – Additional information in the section "Fair and transparent relationship with customers".	– Improvement in customer acquisition and retention.	– Competitive Offer – Focus on People
– **Customer Experience Quality**	– Possibility of customer interaction processes (customer journeys) not meeting or consistently exceeding their expectations.	– Recurrent monitoring and evaluation processes with indicators on the degree of customer satisfaction. – Introduction of new analytical models that have been making possible to improve knowledge of customer needs at touchpoints with NOS (e.g. telephone service, technical support, telephone sales) and trigger improvements in these interactions. – Initiatives to increase customer focus (customer centric) in various processes (e.g., sales, service, technical support, customer service and similar). – ISO9001 (Quality Management) certification, in which an external entity audits and certifies that NOS consistently provides customers with processes and services that comply with quality standards. – Additional information in the "Customer and Digital Centric Excellence" section.	– Improvement of the customer experience in the different physical and digital touchpoints (e.g. contact centres, stores, customer home, websites, Apps).	– Digital Emancipation – Competitive Offer – Close Relationship
– **Environmental impacts**	– Possibility that the company's activities may cause harmful environmental impacts associated with the consumption of resources (energy, water, paper, etc.), the production of waste (electronic equipment, batteries, etc.) or the emission of greenhouse gases.	– Program to improve energy efficiency in NOS operations, in communications infrastructure (e.g. features for intelligent management of network equipment) in data centres (e.g. free cooling solutions, cold curtains). – In-store customer process digitization program (e.g. paperless, digital labels, queue management system with digital passwords). – Operations for the collection, refurbishing and reuse of equipment used by fixed service residential customers (TV boxes, routers and hubs) and sale of reused smartphones. – Existence of a Power Purchase Agreement between NOS and EDP for the purchase of renewable energy, a long-term agreement that presupposes the construction of a new wind farm and the supply of green electricity for NOS operations. – Additional information in the section "We Generate Value for the Environment and for a More Sustainable Society".	– Improved energy efficiency by reducing energy consumption. – Reduction of consumables. – Recycling materials and equipment. – Reduction of carbon footprint. – Reduction of operating costs.	– Digital Emancipation – Competitive Offer – Focus on People
– **Climate changes**	– Possibility of the company not incorporating environmental sustainability and climate change as relevant factors for its long-term strategies. – Eventual flaws in the way the company addresses the resilience of its critical services (e.g., communications networks) in the locations where it has operations that may be affected by climate change or extreme weather conditions (e.g., fires, hurricanes, other adverse weather phenomena).	– NOS' subscription to various global initiatives to reduce carbon emissions and promote sustainable development (e.g., United Nations Global Compact, European Green Digital Coalition, Digital with Purpose). – External assessments and ratings on ESG practices (e.g., CDP, S&P Global Corporate Sustainability Assessment, Sustainalytics, Moody's ESG Solutions, MSCI ESG ratings). – Participation in "CDP Climate Change", which includes an annual exercise to identify and characterize risks and opportunities related to climate change. – Inclusion in the NOS Business Continuity Management program of emergency situations caused by natural catastrophes (e.g., storms, floods, and fires), including actions such as assessing various network resilience scenarios for critical services, implementing specific maintenance plans for technical sites classified as "high risk", adopting alternative radio relay solutions to protect the most vulnerable communications, permanent monitoring of IPMA alerts. – Additional information in the section "We Generate Value for the Environment and for a More Sustainable Society".	– Differentiating ESG performance and with long-term commitments made to the community. – Encouragement received from investors and the financial community to align with good international benchmark practices in ESG domains. – Strengthening network resilience to extreme weather events	– Digital Emancipation – Focus on People

FINANCIAL RISKS

Risks		Actions*	Opportunities	Impact on NOS Strategy
– **Interest Rate** – **Liquidity**	– As a result of the economic environment and the rise in interest rates, uncertainty in the financial markets with the probability of increased costs in accessing finance and debt costs exposed to high volatility in future periods. – Eventual breaks in expected cash flows or variations in timing. – Possible inability to meet financial or operational obligations in a timely manner. – Possible need to take out new loans.	– Robust capital structure and liquidity position of NOS which was previously strengthened with refinancing operations with more stable market conditions. – Extension of NOS debt cost risk coverage.	– Issuance of sustainable financing lines, indexed to Sustainability performance (NOS was the first sustainable financing operator).	– Value Creation
– **Credit and Collections**	– Reduction of receipts from customers due to any ineffective or deficient functioning of the collection rule. – Changes in legislation that regulate the provision of essential services and that have an impact on the recovery of customer debts.	– Specific teams for Credit Control, Collections and Litigation Management. – Defining a monthly plan of collection actions, monitoring, and evaluating results. – Whenever justified, the rule and the timing of actions can be adjusted in order to guarantee the receipt of debts from customers. – Credit insurance for certain business segments.	– Sale of invoice insurance to customers (protection of payment of communications invoices).	– Digital Emancipation – Close Relation – Value Creation
– **Taxation**	– Evolution of tax legislation. – Possible interpretations of the application of tax and parafiscal regulations in different ways.	– Specific Taxation teams for monitoring and complying with tax regulations. – Support by external consultancy whenever the issues under analysis may be more critical.	– Maximizing tax efficiency, including maximizing tax incentives.	– Value Creation

* Additional information in the annexes to the Financial Statements, in the "Risk Management Policies" section, which contains more specific information on the financial risk management policies, as well as on how the risks associated with the financial statements are managed and controlled.

4.2.3. Ethics and Conduct

The firm commitment to act ethically and responsibly with our employees, customers, suppliers, and business partners requires the daily alignment of everyone.

Professionalism, integrity, transparency, and independence are the fundamental ethical and responsible business principles at NOS. They are the ones that structure our performance in the market, in the various activities we conduct associated with the business and guide our conduct in the relationships we establish with our stakeholders. They are also a commitment of our employees, in the relationship they establish with each other and with the company.

OUR ETHICS ORGANIZATIONAL CULTURE

In order to establish ethics as a structuring pillar of our organizational culture, the values and principles of NOS are reflected in many of the company's processes which, as a whole, reflect the way in which we introduce environmental and social responsibility into our management, as explained in more detail in the Responsible Management section.

The management of our ethical commitment uses a document structure, made up of different tools, monitoring mechanisms and stakeholder engagement, as explained below.

1. Tools that structure our commitment to ethics	2. Monitoring compliance with our values and principles	3. Engagement of stakeholders to promote alignment with our values and principles
– Code of Ethics – Code of Ethics – short-version for Suppliers and Partners – Code of Conduct for the Prevention of Corruption and Related Offenses – Risk Prevention Plan for Corruption and Related Offences – Guide to a Responsible Online Presence – Guide to a Responsible Online Presence – version for Suppliers and Partners – Code of Conduct for Preventing and Combating Harassment at Work – Gender Equality Plan	– Alleged irregularities channel – Clarification requests channel	– Annual communication and training plan for employees, suppliers, and partners

1. TOOLS THAT STRUCTURE OUR COMMITMENT TO ETHICS

In 2022, we reinforced and updated the tools associated with ethics management, notably the new Code of Conduct for the Prevention of Corruption and Related Offences and the creation of the respective Risk Prevention Plan for Corruption and Related Offences.

Code of ethics

- Published in its first version in 2015, it underwent a first revision in 2020 and was revised more recently in 2022 to ensure alignment with the legislation on Prevention of Corruption and Related Offences.
- Its fundamental objective is to share a set of principles and rules that should govern the internal and external relations of NOS Group companies with their stakeholders.
- It must be complied with by all members of the NOS governing bodies and employees, as well as, with the necessary adaptations, by all those who represent or provide services to the NOS Group.

Code of Ethics – short-version for Suppliers and Partners

- It aims to promote understanding and adoption of the principles and rules described in the Code of Ethics by Suppliers and Partners.
- Since 2016, the practice has been adopted of providing these agents with a short-version version of the Code of Ethics for these stakeholders, who must ensure its strict compliance.

Code of Ethics Topics covered by the Code of Ethics	
-Meritocracy	- Diversity and equal opportunities
- Team Spirit	- Non-discrimination
- Legal and regulatory compliance	- Combating moral and sexual harassment
- Appropriate use of resources and information	-Accounting transparency
- How to avoid corruption or other related offenses	- Employee and customer privacy
- How to avoid conflict of interest	- Customer data privacy
- Fair Competition	- Honesty, cordiality, and other aspects related to civic conduct
- Respect for human and labour rights	- Environmentally and socially sustainable conduct

Code of Conduct for the Prevention of Corruption and Related Offenses

- Created and released in its first version in 2022 (1st quarter).
- It arises from a legal obligation, and aims to establish a set of principles, values and rules of action, transversal to all NOS activities in matters of Corruption and Related Offences.
- It must be read in conjunction with the other rules or policies in force at the Company, in particular the Code of Ethics and the Regulation for Reporting Irregularities (Whistleblowing).
- It incorporates the rules for accepting and offering benefits, which were previously provided for in the Regulation for the improper acceptance and offering of benefits.
- Defines the Regulatory Compliance Officer as responsible for the adoption and implementation of this Code and compliance programs arising therefrom.
- It applies to all members of the governing bodies, directors, and employees of NOS, as well as, with the respective adaptations, to all those who represent NOS as our Partners and to any person or entity that provides services, on a permanent or temporary basis, to NOS.

Risk Prevention Plan for Corruption and Related Offences

- Created and released in its first version in 2022 (2nd quarter).
- Arises from a legal obligation and must be interpreted in conjunction with the other rules or policies in force at NOS, in particular the NOS Code of Conduct for the Prevention of Corruption and Related Offences.
- It allows NOS to: recognize potential risks of corruption and related offenses and the respective causes; establish preventive and corrective measures to reduce the probability of occurrence and impact of risks of corruption and related offenses; define mechanisms for monitoring and assessing the effectiveness of the execution of the Plan; create an environment that discourages any corrupt practices and related offenses at NOS.

Guide to a Responsible Online Presence – version for Suppliers and Partners

- This version was created and released for Partners and Suppliers in 2022, adapted from the existing version for Employees.
- Establishes the set of guidelines on the performance of Partners and Suppliers.
- Determines what employees of partners and suppliers may or may not post on social media when there is involvement of the NOS brand.

2. MONITORING COMPLIANCE WITH OUR VALUES AND PRINCIPLES: ALLEGED IRREGULARITIES AND CLARIFICATION REQUESTS CHANNELS

Requests for clarification or expression of concerns related to compliance with the Code of Ethics and/or Code of Conduct for the Prevention of Corruption and Related Offences, originated by Employees, Partners, Suppliers, Customers or third parties, are addressed through the channels created for this purpose, available on the NOS website and on the intranet.

- Alleged irregularities: comunicar.irregularidades@nos.pt
- Clarification requests: duvidas.etica@nos.pt

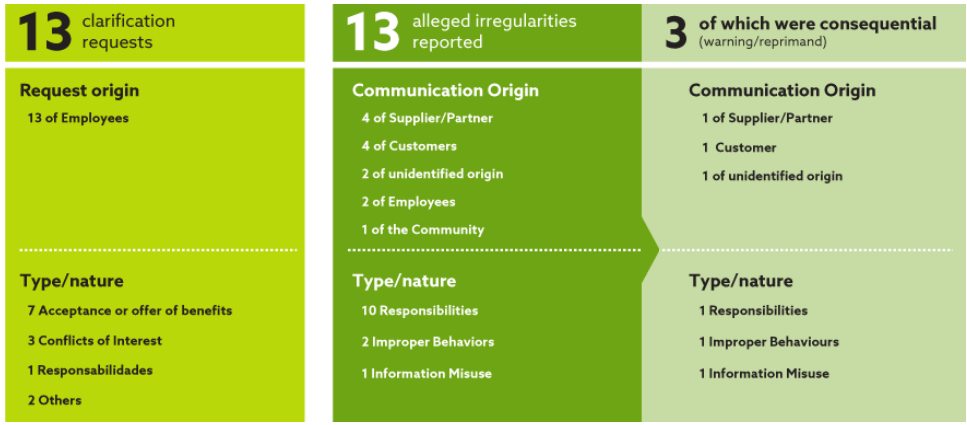
The information received through these channels is confidential and restricted and situations reported anonymously are addressed, guaranteeing anonymity in order to guarantee confidence in the process.

The communications received are handled by the Internal Audit, and subsequently forwarded to the Ethics Committee or Statutory Independent Audit Board, according to the nature of the situation (ethics or corruption in particular.

Channel activity indicators

Activity indicators are compiled annually for alleged irregularities/requests for clarification channels, which are internally disclosed to employees. In 2022 these indicators revealed that during the year:

- 13 clarification requests were received in the mailbox duvidas.etica@nos.pt
- 13 alleged irregularities were reported through the email comunicar.irregularidades@nos.pt, of which 3 were consequential after investigation, resulting in a warning/reprimand.



3. ENGAGEMENT OF STAKEHOLDERS TO PROMOTE ALIGNMENT WITH OUR VALUES AND PRINCIPLES

NOS defines and implements annual action plans for ethics, which involve training and communication actions on this topic. The regular implementation of these initiatives helps to ensure that we share the necessary information so that employees and other stakeholders are aware of the principles and rules of conduct and know how to act in case they detect a potential irregularity or need additional information or clarification of a doubt.

In this sense, NOS defines and implements annual action plans for ethics. The training and communication actions are aimed at employees, partners and suppliers, and aim to promote knowledge and understanding of the Policies and Codes available in matters of ethics and conduct, obtaining greater clarity and alignment on behaviours that may be considered less ethical.

92%
Employee satisfaction with NOS' ethical conduct (2022 Climate Study)

E-learning on ethics

The training plan for Employees provides for mandatory e-learning on the Code of Ethics, which is an integral part of the welcoming process of new Employees. Within the scope of this training, the employee signs an individual statement of commitment to comply with the Code.

In order to ensure the interest and motivation of the trainees and thus increase the content apprehension rate, the e-learning "Ethics at NOS" has a configuration as practical and dynamic as these topics allow, using fictional but concrete examples and gamification techniques. At the end of 2022, 98% of NOS Employees had completed this e-learning course.

Main goals of the e-learning on ethics:

- Know the NOS Code of Ethics and the policies related to certain ethical topics;
- Know the Group's ethical principles and rules;
- Realize each person's role and responsibilities in complying with these principles and rules on a daily basis;
- Understand the impacts that each person's behaviour assumes for NOS;
- Know which channels are available to report an alleged irregularity or clarify doubts and concerns;
- Get information and understand how to use the alleged irregularities channel.

Let's talk about ethics

The "Let's talk about ethics" consists of open sessions for sharing knowledge on the subject of business ethics, aimed at Employees, with the participation of the Ethics Committee. The sessions aim to reinforce the importance of ethical issues for the Group, clarify the role of the Committee in the company, generate trust in existing processes and clarify existing doubts on the topic, in a model of direct interaction and co-creation with participants to the extent in which, they are given the possibility to put in advance and anonymously, the questions they would like to see addressed and answered in the session. This dynamic demonstrates the Ethics Committee's total openness and transparency in resolving the ethical dilemmas presented and has proved to be a success. Those who participate highlight the contribution to increasing confidence in the Organization provided by the proximity to the Ethics Committee and recognize the importance of ethics for the reputation of the Organization. In the 2022 edition, the session, conducted in a virtual format to respond to the new remote work context, was attended by more than 200 employees. The session discussed the increasingly relevant and pressing topic of the relationship between ethics and the promotion of mental health and well-being of employees, with the presence of an external guest, specialized in the topic.

# Participants	Overall session rating	Relevance*
~ 200	4,5	4,8

* Average value of the session, calculated on a scale of 1 (very bad | totally irrelevant) to 5 (very good | totally relevant.

Actions for Suppliers and Partners

The employees of each Partner or Supplier who act on behalf of NOS are obliged to follow the principles and rules of the Code of Ethics with the adaptations described in the short version for Suppliers and Partners and the Code of Conduct for the Prevention of Corruption and Related Offences. Whenever faced with alleged violations of the aforementioned Code, and within the scope of the contractual relationship with NOS, the Partner or Supplier must report them through the channels available for this purpose.

Employees of Suppliers and Partners who provide services in organizational units identified as having activities more exposed to ethical risks also participated, in 2022, in ethics training sessions whose format was defined by the unit itself. By the end of the year, more than 10 100 active base Partner's employees had completed this training.

4.2.4. Security & Privacy

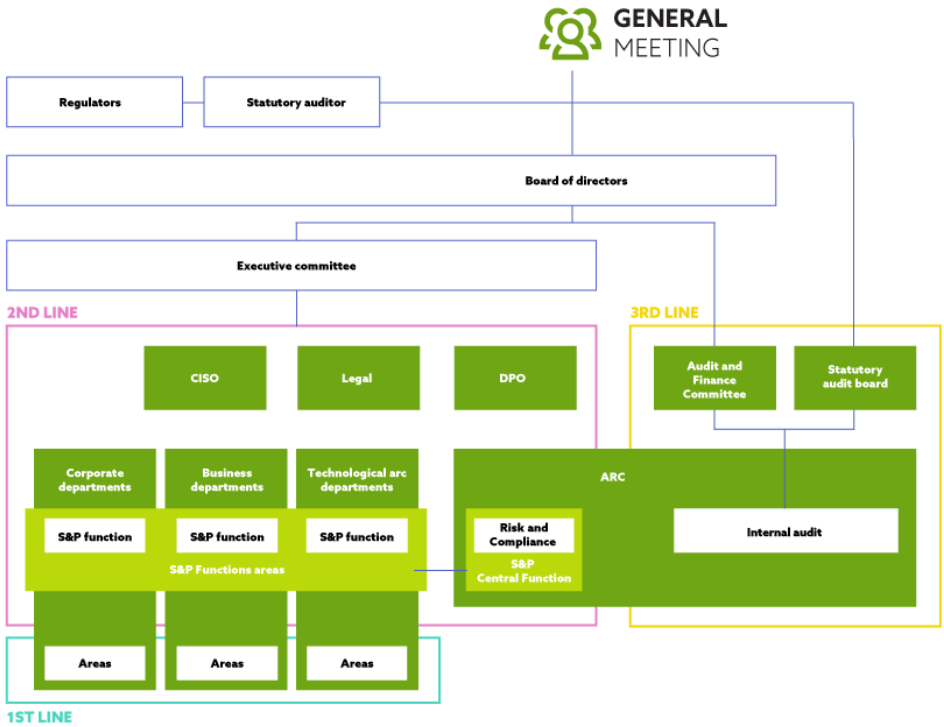
The security and privacy of all people who have a relationship with NOS is a critical topic, and one that we continue to prioritize. The management we do ensures our customers, employees, suppliers, partners, among other stakeholders, that they have the necessary and adequate conditions for the safe use of our services.

SECURITY AND PRIVACY (S&P) GOVERNANCE MODEL

NOS' Security and Privacy (S&P) governance model adequately addresses the growing exposure to security, privacy and continuity risks and the legal and regulatory framework risks, which have increased considerably over the last few years.

Supported by three lines of defence, a reference practice in Governance, Risk & Compliance (GRC), the NOS Security and Privacy governance model aims at an effective and segregated distribution of responsibilities, highlighting the role of the various stakeholders and the type of relationship in Risk Governance.

Transversely to the aforementioned lines of defence, the NOS Executive Committee represents the management's commitment to S&P, approves the S&P Governance Model and the S&P strategy and planning, having the utmost responsibility for S&P topics in the organization.



1ST LINE OF DEFENCE

The 1st line of defence in managing S&P risks are the various areas of the organization (Corporate, Business and Technological areas) that are directly responsible for ensuring the S&P of the assets they own (processes, systems, products, services), operationalizing the defined S&P strategy and managing S&P risks, in order to ensure compliance with internal and external requirements of the organization.

2ND LINE OF DEFENCE

In S&P's 2nd line of defence, the following functions stand out:

The S&P Central Function within the Audit, Risk and Compliance department (reporting to the Executive Committee member responsible for the Compliance areas). This team's key role is to (i) develop a strategic plan, guidelines and support the areas in the management of S&P and associated risks and (ii) develop methodologies and tools to support the organization's S&P management.

The Chief Information Security Officer (CISO), under the Quality and Transversal Projects Department, which has responsibilities of a transversal nature in the technological areas (reporting to the CTO), has a Cybersecurity Team that is responsible for the security of the NOS technological cluster, in conjunction with the other S&P Functions in the technological areas.

The Data Protection Officer (DPO) (reporting to the CFO) is a pillar of the Organization's compliance with the laws and rules applicable to the protection of personal data and privacy.

The Legal Department (reporting to the Executive Committee member responsible for the areas of Compliance) who provides advice to the various elements responsible for S&P topics.

The various S&P Functions of the Areas that represent the extension of the Central S&P Function, being responsible for coordinating the correct management of S&P risks in the respective areas.

3RD LINE OF DEFENCE

In the 3rd line of defence of the Security and Privacy governance model, Internal Audit stands out, an independent figure in risk management. The latter reports hierarchically to the Executive Committee and reports functionally to the Audit and Finance Committee and the Statutory Independent Audit Board. The key role of Internal Audit in the S&P Government is to provide assurance on the reliability of the S&P Management risks and processes in the organization.

SECURITY & PRIVACY POLICIES

The Information Security Policy (ISP) is the guideline that determines the S&P posture of our organization as a whole. It comprises the General Information Security Policy and all the company's S&P documents, organized in a hierarchical structure.

- General Information Security Policy, constituting a corporate Policy, applicable to corporate functions and electronic communications (focus), cinemas, audiovisual and advertising businesses;
- Specific Policies, Standards, Rules, and Guidelines on certain sub-domains of ISP, whose development responsibility lies predominantly with the S&P Central Function;
- Procedures, Processes, and other documents that operationalize the ISP and that are managed and controlled by the (Corporate, Business and Technological) areas, through the respective S&P Functions/Pivots.

INFORMATION SECURITY POLICY (ISP)

MAIN SECURITY & PRIVACY DOCUMENTS AVAILABLE AND COMMUNICATED TO INTERNAL EMPLOYEES, PARTNERS, AND CUSTOMERS

Security & Privacy Documents	Objective
General Information Security Policy	Identify the Information Security principles that must be followed by NOS employees and service providers, as well as defining ISP's security levels, domains, subdomains, and the respective control objectives.
Statement of Commitment on Privacy and Personal Data Protection	Explain NOS' commitment to the rules of privacy, security, and data protection, ensuring that everyone who processes personal data within the scope of the relationship they establish with NOS subscribes and acts in accordance with the principles underlie it.
Customer Privacy Policy	Communicate the main guidelines on the protection of Customer's privacy and personal data.
Employee Privacy Policy	Communicate the main guidelines on the protection of Employees' privacy and personal data.
Manual of Security Rules for User	Communicate the main rules to be complied with by Internal Employees and Employees of NOS Partners, on the following topics: (i) Security Organization, Roles and Responsibility; (ii) Human Resources Security (includes internal employees and partners); (iii) Systems and Facilities Security (includes logical and physical access management); (iv) Secure Use of ICT Resources; (v) Information Classification and Management; (vi) Security Incident Management; (vii) Business Continuity Management; (viii) Confidentiality of Information and Privacy of Personal Data.
Security and Privacy Quick Guide	Remember the fundamental technical security measures in the use of information and equipment and organizational privacy measures in the processing of Personal Data.

SECURITY & PRIVACY PROCESSES

The Security & Privacy (S&P) programs and processes that we develop and maintain translate into practice the principles recommended in our policies, allowing us to manage risks related to availability,

integrity, confidentiality, privacy, and cybersecurity, which are associated with information/data, to processes/assets or products/services.

NOS companies, areas and employees are responsible for ensuring the operation and monitoring of security, privacy and business continuity controls whose implementation is assigned to them. The NOS Security & Privacy Central team is responsible for defining the S&P processes and promoting their implementation in the organization.

Security & Privacy Processes

Planning and Strategy (including S&P Steering Committees)	S&P objects (inventory and risk assessment of assets, activities and products or services)
Policies and body of legislation	Record of processing activities (RPAs)
Training and Awareness	Privacy Impact Assessments (PIAs)
Control and monitoring (including risk assessments, control of S&P initiatives, KRIs)	Subcontractors
Security & Privacy by Design	Business continuity and crisis management (BCM)
Compliance support (including changes to S&P legislation and/or regulation, area support)	S&P Incidents
	S&P Certifications

INFORMATION SECURITY MANAGEMENT

The NOS Information Security Management (ISM) program aims to implement processes to protect information and its supporting assets on the three fundamental pillars (availability, integrity, and confidentiality). Information protection must comply with both internal information policies and external laws and regulations. The service requirements documented in the agreed service levels, contracts or operational agreements with customers must also be considered.

8 Main Information Security Areas

1. Organization & Management of Security Risks
2. Human Resources Security
3. Security and Operations of Systems & Facilities
4. Information & Communication Management
5. Incident Management
6. Business Continuity Management
7. Monitoring & Auditing
8. Privacy & Personal Data

Regarding security management processes, we highlight some points:

NOS is certified by the ISO 27001 Information Security Management System standard, covering: business processes related to installation, activation, account management and service requests, billing, and collection of communications customers, in the Consumer (B2C) and Business (B2B) market segments; and also, the security processes related to NOS' Data Centre services. The maintenance of this certification is subject to annual Internal Audits and External Audits;

The information security management system, namely the requirements required by the ISO 27001 standard, are mapped in the NOS Internal Control Manual. This Manual is subject to periodic compliance self-assessment actions (Control Self-Assessments) by the areas responsible for controls, in collaboration with the S&P Central team. For internal control procedures considered non-compliant, corrective actions are defined;

With regard to the management of security risks, we also use risk sharing and transfer strategies, so it is important to mention that NOS has a professional civil liability insurance policy that includes a "Data

Protection & Cyber Liability" module" that covers information security risks (own damage and third-party damage).

CYBERSECURITY MANAGEMENT

NOS develops and maintains Cybersecurity initiatives, with the aim of protecting information and its support assets against threats from possible attacks and unauthorized external access, guaranteeing their confidentiality, integrity, and availability. These initiatives are aimed not only at defining and implementing improvements in Cybersecurity operational procedures, such as incident management procedures, but also at the continuous monitoring of Cybersecurity risks, promoting proactive action in mitigating potential weaknesses.

Chief Information Security Officer (CISO) and Cybersecurity Team

For issues related to Cybersecurity, NOS has a CISO and a specialized Cybersecurity Team, framed in the technological areas, whose main responsibilities are:

Cyberintelligence and Offensive Security
Monitoring the risk outlook, assessing vulnerabilities and internal alignment to reduce technological and process risks.

- Monitor technological changes and ensure the reassessment of security issues.
- Implement relevant use cases aligned with cybersecurity processes.
- Identify and exploit vulnerabilities and forensics of S&P incidents.
- Identify needs and promote specific cybersecurity training and awareness actions.

Security Strategy and Architecture
Collaborative design of the cybersecurity strategy, reducing risk through the implementation of best security practices in networks and information systems. Structured evolution of capabilities, based on new platforms and reference architectures.

- Develop the Cybersecurity strategy aligned with the transversal strategy and planning guidelines proposed by the S&P Central function.
- Develop, implement and maintain cybersecurity management policies, standards and procedures (e.g., incident management, security assessments).
- Conduct cross-sectional mapping of security weaknesses, maturity, and progress indicators.
- Plan and perform security assessments on a regular basis.
- Articulate communication with the Network Security Officer (under ANACOM's Security Regulations and the Cyberspace Legal Framework), the S&P Central function and Regulation regarding security weaknesses and results of network and service security monitoring.
- Be responsible for managing the security of cloud services, pursuant to Law No. 46/2018.

Cyberdefense
Coordination of cyberdefense operation. Representation of NOS as an official contact point with the National Cybersecurity Centre (CNCS).

- Coordinate the organization's Cyberdefense operation and Security Operations Centre (SOC).
- Create mechanisms for continuous and proactive monitoring of security weaknesses.
- Assess impacts of identified incidents and ensure their containment and resolution.
- Define and implement a response plan for threats, incidents, and critical scenarios.
- Support the reporting of incidents that affect the security of networks and services to regulatory bodies and internal and external communications during disruption scenarios.
- Support in the assessment of the sufficiency and suitability of cybersecurity measures implemented by service providers who manage or operate information systems/networks at NOS.

Incident Management

In the event of S&P incidents (security, privacy, continuity) NOS has several processes defined and implemented for the respective management that specify the procedures to be followed in the stages of: detection; screening; processing; reporting to regulatory bodies and notification to affected customers; and post-mortem incident analysis.

We highlight that:

- All internal and partner employees must report, through the defined channels, any S&P incidents of which they are aware, as well as collaborate in the investigation of the incident if necessary.
- Violation by a NOS employee of any S&P standard, rule or procedure that falls within the NOS S&P Policies constitutes a matter for a potential disciplinary offence, and may be sanctioned, depending, if confirmed, on its severity, and the Employee may incur in civil and/or criminal liability. In the case of a partner's employee, through the respective partner companies / suppliers, the sanctions provided for in legal disputes or in the contract will apply.

PERSONAL DATA PROTECTION MANAGEMENT

For NOS, privacy is a concept of information security associated with confidentiality that includes the protection of information, in particular the personal data of customers, employees and other data holders, with the aim of ensuring compliance with applicable standards and with the fundamental right of each individual to have access and decide who should have access, at any given time, to their data.

In this context, and in conjunction with the ISM, we have developed and maintained a program of initiatives aimed at implementing processes for the protection of personal data, but also to continuously monitor and improve compliance with the General Data Protection Regulation (GDPR) and other regulations with an impact on privacy.

Data Protection Officer (DPO)

For specific issues related to the privacy of personal data, NOS has a DPO, whose main responsibilities are to:

Data Protection Officer (DPO)

- Monitor data processing compliance with applicable standards
- To be a point of contact with customers, users, or other data subjects for the clarification of questions related to the processing of their data by NOS
- Cooperate with the national supervisory authority (CNPD - National Commission for Data Protection)
- Provide information and advice to the data processors or controllers on their obligations in terms of privacy and data protection.

Among the various technical security and organizational measures specifically implemented to ensure the protection of personal data (of customers, employees, and other data holders) by our employees, we highlight the following:

- All internal employees and partners' employees are obliged to protect personal data and maintain the confidentiality of NOS information, and therefore are not allowed to share any data they have access to during and as a result of their work with third parties. These obligations remain in force even after leaving the company (termination of the employment or provision of services contract).
- In the case of internal employees, these obligations are included in the clauses of employment contracts or in a Statement of Liability on Confidentiality of Information and Protection of Personal Data".
- In the case of partners, these obligations are part of the Data Processing Agreements signed between NOS and partner companies whose employees may have access to personal data belonging to customers, employees, or other data holders. Furthermore, partners are responsible for communicating and enforcing these rules to all employees who provide services to NOS. Partner's employees must sign a "Statement of Liability for the use of IS/IT, confidentiality, and protection of personal data".
- The partners, as subcontractors, are contractually obliged to observe the confidentiality and secrecy duties and to ensure the security of personal data, which, for that purpose, are communicated to them, and may not use such data for any other purposes, for their own benefit or of third parties, nor correlate them with other data that are in their possession.
- When selecting and hiring our partners, the Sustainability Requirements for Suppliers and Partners are communicated (which include obligations related to Information Security, Personal Data Privacy and Business Continuity), and partners are obliged to comply with them.
- Internal employees and partner's employees can only access and process personal data that are authorized, according to their needs (need-to-known), and only for permitted and lawful purposes in accordance with the Records of Processing Activities (RPAs).
- NOS has privacy auditing processes (continuous audit) that include the Monitoring of Access to Personal Data (carried out by the Internal Audit area), in order to verify that these accesses are carried out by employees exclusively for the fulfilment of their professional duties, in order to ensure the protection of personal data.

BUSINESS CONTINUITY MANAGEMENT

NOS develops and maintains a Business Continuity Management (BCM) program with the objective of implementing processes to reduce the risk of interruption of critical business activities or of critical products and services, arising from catastrophes, technical-operational failures, or massive human resource failures.

With regard to business continuity management processes, we highlight that:

- The processes cover the facilities, network infrastructures and the most critical activities that support critical services, for which resilience strategies, continuity plans and actions are developed, as well as S&P incident/crisis management procedures.
- Continuity processes are periodically subject to impact and risk assessments, as well as audits, tests, and simulations.
- NOS promotes articulation with external official entities for disaster scenarios, protection of critical infrastructures and communication in crises, including in this scope, for example, collaboration with the National Emergency and Civil Protection Authority.
- In the event of interruptions in the communications services network, customers can consult the status of the network on the NOS website and find out if there are any planned improvements or unexpected situations. This information is disclosed whenever events with a significant impact occur, in accordance with the obligation to inform the public, provided for in the regulation of the sector by ANACOM (National Communications Authority).

Additional content can be consulted in the section "A resilient, reliable and available system".

SECURITY & PRIVACY ACTIONS

In 2022 we continued to develop relevant initiatives in the areas of security, cybersecurity, privacy, and business continuity.

Main Security & Privacy initiatives developed during 2022

Update of the General Information Security Policy and the S&P Governance Model, by including the role of the Chief Information Security Officer (CISO).	Conducting Privacy Impact Assessments (PIAs) for personal data processing activities with a higher privacy risk (e.g. data analytics).
Update of the Cookie Policy and continuation of the strengthening of compliance with the cookies management on NOS websites, through the introduction of compliance verification tools.	Reinforcement of controls and monitoring of processes for the exercise of personal data subjects rights by customers within the scope of the GDPR, as well as the continuous strengthening of customer management processes (consents, authentication, etc.).
Continued incorporation of S&P by Design requirements into structuring transformational projects related to Advanced Analytics, Go To Cloud and Digital Marketing.	Update of the Business Impact Analysis (BIA) for the critical activities of the Telco business, extension for the Cinemas business and for the specificities of the B2B products/services.
Strengthening of the Cybersecurity team in terms of Security Strategy and Architecture, with the aim of consolidating the risk identification model and promoting the creation of cross-cutting capabilities.	Update of the Crisis Management Plan, namely the Service Interruption scenario in order to accommodate concerns related to Cyberattacks and the Supply Chain (Ukraine crisis).
Strengthening of the Cybersecurity team in the Cyberintelligence and Offensive Security areas, including resource strengthening, implementation of a continuous offensive security plan, as well as improvement in the threat intel, digital risk monitoring and cyber risk rating platforms to improve the visibility of external threats.	Phased deactivation of the actions of the COVID-19 Crisis Management Plan, still relevant in early 2022, with the aim of ensuring the continuity of critical activities and services and the protection of employees and partners.
Transformation of the Cyberdefense operating model with internalization of the operation management and global training of the SOC (e.g., base processes and critical incident management) and reinforcement of defence and response technologies (e.g., EDRs and WAFs).	Continuation of the implementation of actions to improve resilience in network infrastructures and services (reinforcement of redundancies in circuit layouts, strengthening of infrastructure and frontends of TV services, reinforcement of storage and redundancy for TV and OTT services, among others)
Continuing to improve internal channels and specific features for users to report suspicious phishing messages, in line with the Phishing Awareness simulations.	Continuous improvement of processes and tools associated with the management of communications networks and services, in accordance with the requirements of ANACOM's Network and Services Security Regulation.
More in-depth review of several internal controls associated with the requirements of the ISO27001 (Security) and ISO20000 (Service Management) standards.	Conducting of the first external audit by ANACOM concerning the Security Regulation, with NOS obtaining results in compliance with the requirements of the Regulation.

SECURITY & PRIVACY TRAINING AND COMMUNICATION

Training and awareness of practices and behaviours that minimize S&P risks is a key part in maintaining and properly managing these aspects. In this sense, in 2022, we renewed two of the main internal communication instruments about S&P which started to present a new image and organization and also added features that allow our employees an easier and more intuitive content navigation:

- The S&P Portal - repository of Policies, Rules, and Procedures;
- The BCM Portal - repository of Crisis Management Plans for various scenarios.

We continued to implement the training plan for employees and partners, including conducting e-learning courses on "Security & Privacy".".

S&P e-learning for employees

We have concluded the launch of the new e-learning "NOS Security & Privacy Course", with the launch of the 3rd Stage. This last Stage addresses mainly Personal Data Processing and Security & Privacy by Design topics (modules 10 to 14).

E-learnings on Security & Privacy

NOS Employees

82% successfully concluded the various modules of the new e-learning (overall average of the 3 Stages).

Partner Employees

77% of employees at the main NOS Partner Academies completed other e-learning courses on S&P (overall average of the various Academies).

Phishing Awareness

In 2022, we also continued the Phishing Awareness initiative with the launch of more phishing simulations. This initiative to raise awareness and train users includes interactive training videos on behaviour to adopt when faced with potential phishing messages.

The Phishing Awareness simulations covered around 12,000 users (NOS Employees and Partner Employees), highlighting an improvement in user behaviour:

- The vast majority of users corrected behaviour in subsequent simulations compared to previous simulations.
- There was an increase in phishing reports by users, with great use of the new report button feature provided in MS Outlook.
- Only a small percentage of users compromised their access credentials in these phishing simulations, and these users were directed to the training videos.
- There was an improvement in the viewing of training videos by users.

In 2022, we also provided our employees with various communications on phishing and cybersecurity topics, among which we highlight:

- Update of the area on the NOS Intranet dedicated to helping employees recognize, avoid and report phishing situations.
- Sending of an email to all NOS Employees and Partner Employees entitled "Cyber-crime | All attention is required", with the aim of raising awareness of this issue following cyberattacks suffered by several national and international companies.

FIGHTING CONTENT FRAUD AND COPYRIGHT PROTECTION

The fraud of television content such as peer-to-peer sharing or the commercialization and illegitimate access via streaming to linear and non-linear content, and to real-time events, namely sports, affects the profitability of pay tv operators, of which NOS is part of, and are sometimes related to the provision of illegitimate content to the extent that it does not respect proprietary or related rights, or for other reasons. This is a sometimes-complex reality to unravel and consequently to act from a proactive point of view, so NOS has a dedicated Content Protection team.

Since 2015, NOS, as an Internet Service Provider (ISP) and member of APRITEL, has performed thousands of blocks (about 4,000) by Domain Name Server (DNS) for copyright and related rights protection. These blocks, supported by judicial or administrative orders, inhibit access to illegitimate content, such as movies and series, but also allow us to avoid sharing malware on the NOS network and on our customers' equipment, since illegal sites (streaming and online gambling) are one of the main tools for sharing viruses or malware.

During 2022, the operationalization of Law n. ° 82/2021, of November 30, 2021, - Law on Monitoring, Control, Removal and Prevention of Access to Protected Content, regarding contents protected by copyright and related rights, with the effectiveness of the first blocks already framed in the procedures introduced by it.

NOS maintains an active posture of contributing to the various stakeholders interested in these matters, and in this sense, following the public appreciation of the proposed Law No. 114/XIV/3rd (GOV) for the transposition of European directive 2019/790, on copyright and related rights in the digital single market, contributed with clear proposals for legislative reinforcement to combat piracy in the audiovisual sector, specifically in amending and improving the Code of Copyright and Related Rights ("CDADC").

Fighting content fraud	Cooperation with stakeholders
A complex reality that requires everyone's cooperation.	NOS has maintained a cooperative stance in terms of fighting fraud and defending copyright.

4.2.5. Prevention and monitoring of electromagnetic fields

NOS assumes responsibility for monitoring and implementing the best practices regarding preventive measures that protect potential adverse effects of human exposure to electromagnetic radiation.

Mobile telecommunications equipment uses radio frequencies which, as it happens with the operation of other electrical equipment, generate electromagnetic fields (EMF). Currently, most people are permanently exposed to very low intensity electric and magnetic fields, generated by the functioning of equipment necessary for the most varied activities, including research, communications, medicine, transport and distribution of electricity, aeronautics, or maritime navigation. Most sources of EMF, both at home and in the workplace, produce extremely low levels of exposure, and the most common day-to-day activities are unlikely to give rise to risks that exceed exposure limit values. (ELV). The current scientific consensus is that there is no evidence of a relationship between adverse health effects and the use of mobile telecommunications equipment within the internationally established exposure limits. However, since part of our activity is based on the radio spectrum emitting electromagnetic fields (operating the mobile network and the transport network), NOS monitors and implements the best practices to protect public health against the possible adverse effects of exposure to EMF, following the principle of prevention and precaution.

OUR APPROACH TO ELECTROMAGNETIC FIELDS: DUE DILIGENCE PROCESSES APPLIED

The Code of Ethics and the NOS Sustainability Policy express our commitment:

- Inform customers of all possible risks associated with the use of the products and services we provide
- Comply with legal and regulatory requirements in force
- Apply, in line with the principles of prevention and precaution, measures that protect the general population, our people, partners and other relevant entities, against possible adverse effects on human health from exposure to electromagnetic radiation generated by our infrastructure and equipment.

NOS assumes the responsibility of monitoring, studying, and implementing the best practices produced at national and international level for the application of preventive measures that protect potential adverse effects of human exposure to electromagnetic radiation

We guarantee

- That all network and terminal equipment comply with national and European requirements, standards, and regulations;
- That all exposure limits are complied with
- The implementation of preventive measures beyond what is legally required

We follow

- Research and information disclosed by national and international reference forums and publications

We inform

- All stakeholders – populations and public and private entities – on the effects of EMFs

All our network equipment and mobile phones provided to customers comply with Portuguese legislation on exposure limits to electromagnetic fields, which follows European Union regulations and international scientific guidelines. Based on the precautionary principle, we implement preventive measures in addition to those legally required, to ensure that all exposure limits are met.

We carry out an annual measurement plan to monitor exposure to electromagnetic fields in our mobile and fixed ground service network, covering all relevant facilities, identified based on the requirements defined specifically for this purpose by the Portuguese telecommunications regulator (ANACOM): new or reconfigured installations, located inside, on top or on the facade of buildings that fall within the aforementioned standards.

Annual EMF monitoring plan: measurement of electromagnetic radiation on mobile network sites

Monitoring Plan	2015	2019	2020	2021	2022
# measurements	38	26	74	125	55

All monitored stations had electromagnetic field power density values lower than the reference values, and 74% of stations in places accessible to the public recorded a level 50 times lower than this threshold. The results of the measurements we carry out are communicated to national and local authorities, including ANACOM, which also publicly discloses the results of measurements carried out by it in response to requests from public and private entities.

The evolution in the number of measurements carried out between 2015 and 2022 reflects the number of new licensed stations which, in this context, are subject to these measurements by regulation.

HOW WE MATERIALIZE THE PRECAUTIONARY PRINCIPLE IN EMF IMPACTS

EMF exposures 50 times lower than legal maximum threshold	**Follow-up scientific development on EMF**	**EMF literacy initiatives**
Studies on the impact of new 5G networks on EMFs	**Participation in the Working Group on EMF, promoted by ANACOM**	**Transparent communication with stakeholders about EMFs**

Public Places with target exposure values 50 x lower than the legal maximum threshold

For places accessible to the public, established in the applicable legislation, we define as a target a level at least 50 times below the reference power density value (ELV- maximum permissible value of exposure to the electromagnetic field dependent on the frequency under analysis according to the applicable legislation).In places where the value, although below the ELVs, does not yet meet this objective, safeguard measures are taken to control exposure, in line with regulations and good practices: access restrictions; and permission, granted to all those involved in maintenance, operation and installation roles, to, as a preventive measure, turn off the emission source whenever necessary to carry out the intervention in perfect safety conditions.

Follow-up scientific development on EMF

We follow the latest scientific developments on the subject, including the recommendations of the World Health Organization (WHO) and the International Commission on Non-Ionizing Radiation Protection (ICNIRP), an independent reference entity that contributes with recommendations as a result of studies on the impact of non-ionizing radiation on human health.

Follow-up of the activity of organizations that monitor EMF impacts

At a national level, we participate in initiatives such as the FAQtos, promoted by INOV, INESC INOVAÇÃO with the aim of monitoring and disseminating information on the impacts of electromagnetic radiation to public entities such as municipal councils, schools, hospitals, and health centres.

Support for the "Prémio FAQtos", to promote youth literacy on EMF

In this context, we annually support the national contest "Prémio FAQtos", aimed at high school students. The initiative is part of the curriculum of all subject areas and aims to contribute to the formation of a collective awareness of electromagnetic fields and their potential effects on human health, the environment and society.

Follow-up of studies on the impact of the new 5G networks on the land mobile service EMFs

We carried out studies on the impact of the new 5G networks on the electromagnetic field emissions of the land mobile service. Given the great interest in this topic by the population, several national and international entities, such as ANACOM, the French regulator, ANFR, or the British regulator, OFCOM, have also carried out and published studies on this matter and the main conclusion is that the measured values are below the ICNIRP threshold values and that the contribution of 5G to the total electromagnetic field is reduced. In 2022, ANACOM published a guide clarifying doubts regarding the impact of mobile networks on human health and on the environmental balance. This publication responds to questions on emerging topics related to human and environmental safety of electronic communications networks, with a special focus on Electromagnetic Fields.

NOS participates in the EMF Working Group, promoted by ANACOM

With the ultimate aim of updating the current standards and procedures for measuring and calculating electromagnetic fields and measuring the power density within the human body, in order to include new radio technologies, a working group was created in 2021 under the aegis of ANACOM, with the objective of gathering national contributions in the scope of "electromagnetic fields in the human environment". NOS participates in this process, as a permanent member of the National Technical Committee for Electrotechnical Standardization CTE 106, which carries out its activity in the scope of "electromagnetic fields in the human environment". The national committee comes from the equivalent technical committee of the European Committee for Electrotechnical Standardization (CENELEC) - CLC/106X. During 2022, the working group carried out several EMF measurements with a special focus on multi-beam 5G technology. It is expected that in 2023 it will be possible to update the measurement procedures to be applied in the reporting of annual measurements of electromagnetic fields.

Responsibility towards stakeholders, in responding to clarification requests

We assume the goal of responding, in a transparent manner, to 100% of the concerns and requests for clarification from all stakeholders (public, public and private entities and other stakeholders). In 2022, we received 3 clarification requests, all regarding requests for information related to the installation of antennas in residential or commercial condominiums, as well as public entities. We responded to 100% of these requests. It is also our commitment to provide all the information requested and provide the technical means at our disposal to support the authorities and the national scientific academy in the study of the impacts of electromagnetic fields on the population

/5 Stimulating a positive transformation inspired by the future

5. Stimulating a positive transformation inspired by the future

Continuing to pave the way for innovation, competitiveness, and sustainability.

The current NOS strategic cycle (2021-2025) has coexisted with challenging and complex times, of inflation, war in Europe and disruptions in supply chains, but the Group has managed to maintain the strong level of investment it has set for itself, continuing the ambitious strategic plan for development and value creation that it has outlined.

In the last two years, NOS has invested €350 million in 5G, opening doors and offering the future not only to its customers but to society as a whole. A clear commitment to the country and to strengthening its competitiveness, as well as accelerating the provision of this technology to companies and public services, boosting the evolution of 5G. Without forgetting the autonomous regions, nor the interior regions, as exemplified by the protocol established with the Municipality of Ponte de Sor and the Polytechnic Institute of Portalegre, with the aim of accelerating the digital transformation and territorial cohesion of the Alto Alentejo.

The investment effort in technology, innovation, and in the service quality and experience, which NOS has been making, as well as the commitment to demonstrate the potential of 5G and digital technologies, inspiring people, and companies to do what no one else has done, was reflected in a particularly expressive way in 2022. High levels of recognition were achieved, both by independent entities and by NOS customers and the market, translating into a general improvement in the Group's most transversal indicators.

The investment in sustainability was strengthened with determination, with the financing strategy increasingly associated with these matters, with a total of 300 million euros of debt indexed to ESG performance (an additional 50 million euros compared to 2021), and with the establishment of increasingly ambitious energy performance and decarbonization targets, also reflected in the evolution of the ratings attributed by the specialized rating agencies.

These aspects, and other results highlighted in this Report, which NOS has been able to achieve and share, reflect the robustness of its value creation model. They demonstrate its ability to evolve as a business and organization, whatever the context, as well as the impact and contribution that this evolution provides among the main stakeholders, helping to generate confidence in the management and the ability to generate and deliver value through:

- its differentiating assets;
- close monitoring of the market and regulatory context and trends, and careful management of associated risks and opportunities;
- a business development plan that combines core strategic priorities with an ambitious sustainability framework, focused on relevant sustainability issues in the context of the organization and its stakeholders;
- investing in good management practices;
- a bold and optimistic attitude, focused on innovation in favour of a connected, evolved and balanced society.

MOVING FORWARD IN THE STRATEGIC CYCLE, NOS WILL CONTINUE TO:

- keep the customer at the centre of everything we do, maintaining the ambition to deliver the best service and the best experience;
- do what no one else has done, creating opportunities to put the new generation of mobile communications at the service of people, companies and society, continuing to bring cutting-edge networks to the entire population;
- bet and invest in its resources to maintain and strengthen its differentiating character;
- executing the strategic plan, adjusting it to external circumstances through operational management capable of responding positively to the challenges posed and generating long-term shared value;
- work to achieve and, if possible, exceed the strategic sustainability targets it has set itself;
- follow and incorporate evolving trends in sustainability reporting and sustainable finance; and
- innovate and contribute to the ultimate goal of driving digital transformation in favour of a forward-looking, enabling society in which everyone stays connected and evolves together.

The beginning of this cycle coincided with the beginning of the "Decade of action" of the United Nations 2030 Agenda, associated with progress towards the achievement of the Sustainable Development Goals (SDGs). Like the motto established by that organization for the present decade, NOS has also reinforced its action, and will continue to be committed to its sustainability mission, identifying opportunities that allow it to continue contributing to the SDGs.

We want to continue to do things differently, putting innovation and technology at the service of the country, to stimulate a positive transformation inspired by the future!

01
INTEGRATED MANAGEMENT REPORT

/6 Annexes

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6.1. GRI CONTENT TABLE

Statement of use	NOS, SGPS, S.A. reported in accordance with the GRI Standards for the period from January 1st to December 31st 2022
Version used	GRI1: Foundation 2021
GRI Applicable Sectoral Standards	N.A. at the date of publication of this Report

GRI2: 2021 GENERAL DISCLOSURES			
Disclosure / Response		**Location**	**Notes and correspondence** Correspondences: - UNGC Principles - SDG - Legal (CSC/ DL89/CVM)
Organisation and Reporting Practices			
2-1	**Organisational details**	**RIG:** About this report ; 2.2.2. Activity and portfolio ; 2.2.3. Governance Model> Shareholder Structure; **DFC:** note 50 Maps Annexed	– CSC | Article 508-G, Number 2, Subparagraph a)
2-2	**Entities included in the organisation's sustainability reporting** The scope of the non-financial/sustainability information covers the companies included in the Consolidated Financial Statements (DFC), in which the NOS Group has a stake of more than 50% and has management control, i.e., those consolidated by the full consolidation method (companies listed in Block "A)" of note 50 of the DFC), excluding Lusomundo Moçambique. In this context, the information regarding employees includes all direct employees with the exception of cinema employees, internship contracts and governing bodies. Regarding environmental information, the companies included in the scope mentioned above, whose context, activity, and size, determines that they are not material in this performance aspect, are not included in the information gathering process (it is the case of: NOS Sistemas España; Per-Mar; Sontária; NOS Mediação de Seguros; Teliz Holding; Lusomundo - Sociedade de investimentos imobiliários SGPS, SA and NOS 5G Fund). Non-financial information is consolidated using the full consolidation method, unless otherwise specified (e.g., disclosure 305-3, category 15, See Methodological Notes). Any scope specification regarding the general scope of the aforementioned non-financial/sustainability information, as well as any other relevant data for its correct understanding, is located next to the information to which it refers, throughout the report, in the methodological notes or in this GRI Content Index.	**DFC:** note 50 Maps Annexed	
2-3	**Reporting period, frequency and contact point** Report published at the end of March 2023.	**RIG:** About this report	
2-4	**Reformulated information** See correction note to this table under "305-3 Other indirect GHG emissions (Scope 3)" relating to category 15 and under "404-3 Percentage of employees receiving performance and career development assessments".		

GRI2: 2021 GENERAL DISCLOSURES

Disclosure / Response		Location	Notes and correspondence Correspondences: - UNGC Principles - SDG - Legal (CSC/ DL89/CVM)
Organisation and Reporting Practices			
2-5	**External Assurance/Verification**	**RIG:** About this Report; Annexes > External Verification Statement ; **RGS:** V. External Auditor > point 46.	
Activities and Employees			
2-6	**Activities, value chain and other business relationships**	**RIG:** Overview of the Value Creation Model; 2.2.2. Activity and portfolio; 2.3.1. A unique combination of differentiating assets ; 3.4.1. Supply chain and boosting the local economy; 3.4.3. An investment in joint growth and improvement.	– CSC | Article 508-G, Number 2, Subparagraph a)
2-7	**Employees** Total number of employees by type of contract and by gender Total number of employees by employment type and gender Scope: All employees except cinema employees, internship contracts and governing bodies.	**RIG:** NOS in numbers; 3.3.2. Our human capital	**Note:** The figures include 2 employees in Spain (1 man and 1 woman), integrated in "Others" of "NOS in numbers " – CSC | Article 508-G, Number 2, Subparagraph a)

Total number of employees by type of contract and by gender

		2020	2021	2022
Permanent employees	Men	1 096	1 078	1 061
	Women	720	734	727
	Subtotal	1 816	1 812	1 788
Temporary employees	Men	33	3	5
	Women	50	14	10
	Subtotal	83	17	15
Total Employees		1 899	1 829	1 803

Total number of employees by employment type and gender

		2020	2021	2022
Full-time	Men	1.129	1.081	1.065
	Women	770	748	737
	Subtotal	1899	1.829	1.802
Part-time	Men	0	0	1
	Women	0	0	0
	Subtotal	0	0	1
Total Employees		1899	1.829	1.803

GRI2: 2021 GENERAL DISCLOSURES			
Disclosure / Response		**Location**	**Notes and correspondence** Correspondences: - UNGC Principles - SDG - Legal (CSC/ DL89/CVM)
Organisation and Reporting Practices			
2-8	**Employees with no employment relationship with the organisation** To carry out the operation, NOS hires services from external entities and service providers (in activities ranging from cleaning and security services to customer attendance at call centres), and these partners are solely responsible for managing their employees. For this reason, it does not have a system or standardised accounting routine that allows reporting the number of employees involved.		– CSC | Article 508-G, Number 2, Subparagraph a)
Governance			
2-9	**Governance structure and composition**	**RIG:** 2.2.3. Governance Model; 4.2. Responsible Management, including 4.2.1. How we manage sustainability **RGS:** Part 1 and Part 3 (Annex)	– CVM | Article 29-H, Number 1, Subparagraph q)
2-10	**Appointment and selection of the highest governing body**	**RIG:** 2.2.3. Governance Model; 4.1.1. Management Team Commitments and 4.1.2. Purpose of our approach to stakeholders **RGS:** Point 19 e 29	– CVM | Article 29-H, Number 1, Subparagraph q)
2-11	**Chairman of the highest governing body**	**RIG:** 2.2.3. Governance model	– CVM | Article 29-H, Number 1, Subparagraph q)
2-12	**Role of the main governing body in supervising the impact management**	**RIG:** 4.2. Responsible Management, including 4.2.1. How we manage sustainability **RGS:** Points 21, 27-34, 38-40, 42-45; 50-51	– DL89 | Introduction, 5th Paragraph
2-13	**Delegation responsible for impact management**	**RIG:** 2.2.3. Governance model; 4.2. Responsible Management, including 4.2.1. How we manage sustainability **RGS:** Points 27-30	
2-14	**Role of the main governing body in the sustainability report**	**RIG:** 4.2.1. How we manage sustainability	
2-15	**Conflicts of interests**	**RGS:** Points 26; 89-92	
2-16		**RIG:** 4.2.3. Ethics and Conduct **RGS:** Points 29; 38; 49	

GRI2: 2021 GENERAL DISCLOSURES			
Disclosure / Response		**Location**	**Notes and correspondence** Correspondences: - UNGC Principles - SDG - Legal (CSC/ DL89/CVM)
Organisation and Reporting Practices			
2-17	**Collective awareness of the main governing body**	**RIG:** 4.2.1. How we manage sustainability	
2-18	**Evaluation of the performance of the main governing body The evaluation** Note: the evaluations are not independent	**RIG:** 2.2.3. Governance Model **RGS:** Points 18; 24 e 25	
2-19	**Remuneration policies**	**RGS:** Points 69-88	
2-20	**Process for determining remuneration**	**RIG:** 2.2.3. Governance Model **RGS:** Points 69-88	
2-21	**Total annual compensation ratio** The Corporate Governance Report presents the fixed and total remuneration of the CEO, as well as of the other members of the Board of Directors; the variation of this remuneration compared to the previous year, as well as the average variation of the employees' remuneration compared to the previous year.	**RGS:** Points 77	
Strategy, Policies and Practice			
2-22	**Statement on sustainable development strategy**	**RIG:** Message from the CEO	– CSC | Article 508-G, Number 2, Subparagraph a)
2-23	**Political commitments** NOS' main policies and codes can be found at : Our approach	**RIG:** 2.2.1. Our essence; 3.4.2. Ethical and Responsible Supply Chain Management; 4.2. Responsible Management including 4.2.1. How we manage sustainability	– CSC | Article 508-G, Number 2, Subparagraph a)
2-24	**Incorporate political commitments**	**RIG:** 3.4.2. Ethical and Responsible Supply Chain Management; 4.2.1. How we manage sustainability); 4.2.3. Ethics and Conduct	– CSC | Article 508-G, Number 2, Subparagraph a)
2-25	**Processes to remedy negative impacts**	**RIG:** 3.4.2. Ethical and Responsible Supply Chain Management; 4.2.1. How we manage sustainability; 4.2.3. Ethics and Conduct	– CSC | Article 508-G, Number 2, Subparagraph c)
2-26	**Mechanisms for seeking clarification or advice and for reporting concerns or alleged irregularities**	**RIG:** 4.2.3. Ethics and Conduct **RGS:** Points 38; 49	
2-27	**Compliance with laws and regulations** During the reporting period there were two proceedings that resulted in fines, one in the amount of €21.5k and the other with an amount of €30k. Both proceedings were related to the legal regime for the construction, access and installation of electronic communications networks and infrastructures, specifically the ITED ("Telecommunications Infrastructures in Buildings") terms of responsibility.	-	– CSC | Article 508-G, Number 2, Subparagraph e)

GRI2: 2021 GENERAL DISCLOSURES			
Disclosure / Response		**Location**	**Notes and correspondence** Correspondences: - UNGC Principles - SDG - Legal (CSC/ DL89/CVM)
Organisation and Reporting Practices			
2-28	Associações a que a organização pertence	**RIG:** 4.1.2. Purpose of our approach to stakeholders	
Engagement with Stakeholders			
2-29	Approach to stakeholder engagement	**RIG:** 4.1. Stakeholder engagement and value creation	– DL89 | Introduction, 5th Paragraph
2-30	Collective bargaining agreements 100% of the employees of NOS Cinemas and NOS Audiovisuais (103 employees as of 31.12.2022) are covered by a collective bargaining agreement, representing 5.7% of total employees at the same date. NOS considers best practices, conducting external competitiveness and benchmark reviews to design its policies and working conditions.		

GRI3: MATERIAL TOPICS 2021			
Disclosure / Response		**Location**	**Notes and correspondence** Correspondences: - UNGC Principles - SDG - Legal (CSC/ DL89/CVM)
3-1	Process for determining material topics	**RIG:** 4.2.1. How we manage sustainability	– CSC | Article 508-G, Number 2, Subparagraph b)
3-2	Material Topic List	**RIG:** 4.2.1. How we manage sustainability	– CSC | Article 508-G, Number 2, Subparagraph b)
3-3	Material topics management See note	-	See response in each specific disclosure associated with material topics
SPECIFIC DISCLOSURES			
GRI 200 Standards: Economic Performance			
GRI 201: 2016 Economic Performance			
3-3	Material topics management	**RIG:** 2.4.1 Recognitions; 2.3.2 Our development and value creation strategy; 3.1.2. Operating and financial results; 4.2.1. How we manage sustainability to 4.2.2. Risk Management	

GRI3: MATERIAL TOPICS 2021			
Disclosure / Response		**Location**	**Notes and correspondence** Correspondences: - UNGC Principles - SDG - Legal (CSC/ DL89/CVM)
201-1	**Direct economic value generated and distributed** The value created by the Group's activity is distributed among various stakeholders, generating a positive and relevant socio-economic impetus for the national economy, highlighting the dynamism of a vast ecosystem of suppliers and partners. The values presented were determined in accordance with the specifications indicated below. Scope: Companies in which the Group has more than 50% stake and holds management control (in accordance with consolidated financial statements). See Methodological Notes Additional note to the calculation: as the amount of dividends, related to own shares held by NOS on the dividend payment date, is transferred to Free Reserves, in accordance with the Proposed Application of Profits, since it is impossible to determine in advance how many own shares will be held on the dividend payment date regarding the financial year 2021, the number of own shares held on December 31st 2021 was considered for the purposes of this calculation, i.e. 4,008,391 shares	-	– SDG: 8
201-4	**Financial benefits received from the State** The support received from the State through credits and tax incentives was around 17 million Euros, largely resulting from the attribution of Tax Incentives for Business R&D, with particular relevance for the approval of the application in 2020 to the Tax Incentives System for Business R&D (SIFIDE)	-	
GRI 204: 2016 Procurement Practices			
3-3	**Material topics management**	**RIG:** 2.4.1 Recognitions; 2.3.2 Our development and value creation strategy; 3.4.1. Supply chain and boosting the local economy; 4.2.1. How we manage sustainability	

Millions €	2020	2021	2022
Economic Value Generated (revenues)	1 377	1 434	1 627
Distributed Economic Value	1 435	1 435	1 575
Suppliers	1 109	1 120	1 226
Shareholders	142	142	142
Employees	90	90	90
Government	65	42	76
Debt financiers	28	40	41
Community (donations)	0,2	0,2	0,5
Retained Value	-57	-0,9	52

GRI3: MATERIAL TOPICS 2021			
Disclosure / Response		**Location**	**Notes and correspondence** Correspondences: - UNGC Principles - SDG - Legal (CSC/ DL89/CVM)
204-1	**Proportion of expenses with local suppliers** National: 2020 80,3%; 2021 87,6%; 2022 86,0% International: 2020 19,7%; 2021 12,4%; 2022 14,0% See Methodological Notes	**RIG:** 3.4.1. Supply chain and boosting the local economy	– SDG: 8, 12, 16, 17
GRI 205: 2016 Anti-Corruption			
3-3	**Material topics management**	**RIG:** 2.4.1 Recognitions; 2.3.2 Our development and value creation strategy; 4.2. Responsible Management, including 4.2.1. How we manage sustainability; 4.2.3. Ethics and Conduct	– CSC | Article 508-G, Number 2, Subparagraph b) and c)
205-2	**Communication and training on anti-corruption policies and procedures.**	**RIG:** 4.2.3. Ethics and Conduct;	– UNGC: 10 – SDG: 16 – CSC | Article 508-G, Number 2, Subparagraph e)
205-3	**Confirmed cases of corruption and measures taken** No confirmed cases of corruption were identified in the reporting period.		– UNGC: 10 – SDG: 16
GRI 206: 2016 Unfair Competition			
3-3	**Material topics management**	**RIG:** 2.4.1 Recognitions; 2.3.2 Our development and value creation strategy; 4.2. Responsible Management, to 4.2.3. Ethics and Conduct	– CSC | Article 508-G, Number 2, Subparagraph b) and c)
206-1	**Legal actions for unfair competition, antitrust and monopoly practices** In the 2022 period there are no records of occurrences of this nature. Within the scope of the two proceedings brought by the Competition Authority (ADC), one in 2021 and another in 2020, for which NOS presented its defence, the final decision of the ADC is still pending.		– SDG: 16
GRI 300 Standards: Environmental Performance			
GRI 302: 2016 Energy			
3-3	**Material topics management**	**RIG:** 2.4.1 Recognitions; 2.3.2 Our development and value creation strategy; 3.5.1. Climate and Energy; 4.2. Responsible Management to 4.2.2. Risk Management	– CSC | Article 508-G, Number 2, Subparagraph b) and c)

GRI3: MATERIAL TOPICS 2021			
Disclosure / Response		**Location**	**Notes and correspondence** Correspondences: - UNGC Principles - SDG - Legal (CSC/ DL89/CVM)
302-1	Energy consumption within the organization See Methodological Notes	**RIG:** NOS in numbers; 3.5.1. Climate and Energy	– UNGC: 7; 8 – SDG: 7; 9; 12; 13
302-3	Energy intensity See Methodological Notes	**RIG:** NOS in numbers; 3.5.1. Climate and Energy	– UNGC: 8 – SDG: 7; 9; 12; 13
302-4	Energy consumption reduction	**RIG:** NOS in numbers; 3.5.1. Climate and Energy	– UNGC: 8; 9 – SDG: 7; 12; 13
302-5	Reduction of energy requirements of products and services	**RIG:** NOS in numbers; 3.5.1. Climate and Energy	
GRI 303: 2018 Water and Wastewater			
3-3	Material topics management The topic is non-material for NOS. Our response allows for greater alignment with the DL 89/2017.	**RIG:** 2.4.1 Recognitions; 2.3.2 Our development and value creation strategy; 3.5.1. Climate and Energy; 4.2. Responsible Management to 4.2.2. Risk Management	
303-3	Water collection	**RIG:** 3.5.3. Other Environmental Impacts	– -CSC | Article 508-G, Number 2
Recycled and reused water (NOS specific indicator)		**RIG:** 3.5.3. Other Environmental Impacts	
GRI 304: 2016 Biodiversity			
3-3	Material topics management The topic is non-material for NOS. Our response allows for greater alignment with the DL 89/2017.		
304-2	Significant impacts of activities, products, and services on biodiversity	**RIG:** 3.5.3. Other Environmental Impacts	– -CSC | Article 508-G, Number 2
GRI 305: 2016 Emissions			
3-3	Material topics management	**RIG:** 2.4.1 Recognitions; 2.3.2 Our development and value creation strategy; 3.5.1. Climate and Energy; 4.2. Responsible Management to 4.2.2. Risk Management	– CSC | Article 508-G, Number 2, Subparagraph b) and c)
305-1 305-2 305-3 305-5	Direct Greenhouse Gas Emissions (Scope 1) Indirect GHG emissions (Scope 2) Other indirect GHG emissions (Scope 3) Reduction of GHG emissions See Methodological Notes	**RGI:** NOS in numbers; 3.5.1. Climate and Energy	– UNGC: 7; 8 – SDG:7; 12; 13 – CSC | Article 508-G, Number 2, Subparagraph e)

<table>
<tr><th colspan="2">GRI3: MATERIAL TOPICS 2021
Disclosure / Response</th><th>Location</th><th>Notes and correspondence
Correspondences:
- UNGC Principles
- SDG
- Legal (CSC/ DL89/CVM)</th></tr>
<tr><td colspan="4">GRI 306: 2020 Waste</td></tr>
<tr><td>3-3</td><td>Material topics management</td><td>RIG: 2.4.1 Recognitions; 2.3.2 Our development and value creation strategy; 3.5.2. Circular Economy; 4.2. Responsible Management to 4.2.2. Risk Management</td><td>– CSC | Article 508-G, Number 2, Subparagraph b) and c)</td></tr>
<tr><td>306-1</td><td>Significant impacts related to the waste generated</td><td>RIG: 3.5.2. Circular Economy</td><td></td></tr>
<tr><td>306-2</td><td>Management of significant impacts related to the waste generated
NOS' Sustainability Policy is in line with the principles of the ISO 14001 standard, ensuring waste management in line with all legal precepts applicable to waste management, safeguarding the prevention of pollution (impacts) and promoting continuous improvement</td><td>-</td><td></td></tr>
<tr><td>306-3
306-4
306-5</td><td>Generated waste
Waste diverted from removal/final disposal
Waste sent to removal/final disposal
<table>
<tr><th colspan="2"></th><th colspan="3">hazardous waste (ton)</th><th colspan="3">non-hazardous waste (ton)</th></tr>
<tr><th colspan="2"></th><th>2020</th><th>2021</th><th>2022</th><th>2020</th><th>2021</th><th>2022</th></tr>
<tr><td rowspan="3">Recovery / Disposal</td><td>Multi-material recycling</td><td>37</td><td>48</td><td>38</td><td>513</td><td>667</td><td>789</td></tr>
<tr><td>Landfill</td><td>0</td><td>0</td><td>0</td><td>62</td><td>23</td><td>15</td></tr>
<tr><td>Energy recovery</td><td>0</td><td>0</td><td>0</td><td>7</td><td>0</td><td>0</td></tr>
<tr><td colspan="2">TOTAL</td><td>37</td><td>49</td><td>38</td><td>582</td><td>689</td><td>805</td></tr>
</table></td><td>RIG: NOS in numbers; 3.5.2. Circular Economy</td><td>– UNGC: 7; 8
– SDG: 12
– CSC | Article 508-G, Number 2, Subparagraph e)</td></tr>
<tr><td colspan="4">GRI 308: 2016 Suppliers Environmental Evaluation</td></tr>
<tr><td>3-3</td><td>Material topics management</td><td>RIG: 2.4.1 Recognitions; 2.3.2 Our development and value creation strategy; 3.4.2. Ethical and Responsible Supply Chain Management); 4.2. Responsible Management, to 4.2.2. Risk Management</td><td>– CSC | Article 508-G, Number 2, Subparagraph b) and c)</td></tr>
</table>

<table>
<tr><th colspan="2">GRI3: MATERIAL TOPICS 2021
Disclosure / Response</th><th>Location</th><th>Notes and correspondence
Correspondences:
- UNGC Principles
- SDG
- Legal (CSC/ DL89/CVM)</th></tr>
<tr><td>308-1</td><td>Percentage of new suppliers that were screened using environmental criteria.
The supplier evaluation for 2022 will take place during the first quarter of 2023. For the fifth consecutive year, it will include criteria on Ethics, Environment and Occupational Health and Safety.
Additionally, a dedicated supplier ESG performance evaluation survey is under development (development started during 2022).</td><td>RIG: 3.4.2. Ethical and Responsible Supply Chain Management</td><td>– SDG:1, 2, 3, 4, 5, 6</td></tr>
<tr><td colspan="4">GRI 400 Standard: - Social Performance</td></tr>
<tr><td colspan="4">GRI 401: 2016 Employment</td></tr>
<tr><td>3-3</td><td>Material topics management</td><td>RIG: 2.4.1 Recognitions; 2.3.2 Our development and value creation strategy; 3.3. We Generate Value for Our People; 4.1. Stakeholder engagement and value creation to 4.2.2. Risk Management</td><td>– CSC | Article 508-G, Number 2, Subparagraph b) and c)</td></tr>
<tr><td>401-1</td><td>Hiring new employees and employee turnover

Evolution in the number of new employees hired
<table><tr><th>Year</th><th>2020</th><th>2021</th><th>2022</th></tr><tr><td><30 years old</td><td>94</td><td>114</td><td>118</td></tr><tr><td>30-50 years old</td><td>42</td><td>67</td><td>116</td></tr><tr><td>>50 years old</td><td>0</td><td>1</td><td>0</td></tr><tr><td>Female</td><td>65</td><td>77</td><td>105</td></tr><tr><td>Male</td><td>71</td><td>105</td><td>129</td></tr><tr><td>Total</td><td>136</td><td>182</td><td>234</td></tr><tr><td>Overall hiring rate</td><td>7%</td><td>10%</td><td>13%</td></tr></table>
Evolution of employee turnover and net replacement rates
<table><tr><th>Year</th><th>2020</th><th>2021</th><th>2022</th></tr><tr><td><30 years old</td><td>43</td><td>67</td><td>93</td></tr><tr><td>30-50 years old</td><td>71</td><td>180</td><td>143</td></tr><tr><td>>50 years old</td><td>15</td><td>36</td><td>22</td></tr><tr><td>Female</td><td>64</td><td>114</td><td>115</td></tr><tr><td>Male</td><td>65</td><td>169</td><td>143</td></tr><tr><td>Total</td><td>129</td><td>283</td><td>258</td></tr><tr><td>Overall exit rate</td><td>7%</td><td>15%</td><td>14%</td></tr><tr><td>Net replacement rate</td><td>0,4%</td><td>-5,5%</td><td>-1,3%</td></tr></table>Scope: All employees except cinema employees, internship contracts and governing bodies.
See Methodological No</td><td>RIG: 3.3. We Generate Value for Our People</td><td>– UNGC: 6
– SDG: 5, 8
– CSC | Article 508-G, Number 2, Subparagraph e)</td></tr>
</table>

<table>
<tr><th colspan="2">GRI3: MATERIAL TOPICS 2021
Disclosure / Response</th><th>Location</th><th>Notes and correspondence
Correspondences:
- UNGC Principles
- SDG
- Legal (CSC/ DL89/CVM)</th></tr>
<tr><td>401-2</td><td>Benefits for full-time employees which are not granted to temporary or part-time employees
NOS does not distinguish the benefits granted between full-time employees and part-time employees.
Scope: All employees except cinema employees, internship contracts and governing bodies.</td><td>RIG: 3.3. We Generate Value for Our People</td><td>– SDG: 8</td></tr>
<tr><td>401-3</td><td>Parental leave
<table><tr><td>Rates</td><td>Women</td><td>Men</td><td>Total</td></tr><tr><td>Return</td><td>92,6%</td><td>97,9%</td><td>95,9%</td></tr><tr><td>Retention</td><td>100,0%</td><td>89,1%</td><td>93,0%</td></tr></table>Scope: All employees except cinema employees, internship contracts and governing bodies.
See Methodological Notes</td><td></td><td>– UNGC: 3, 6
– SDG: 5, 8</td></tr>
<tr><td colspan="4">GRI 403: 2018 Occupational Health and Safety</td></tr>
<tr><td>3-3</td><td>Material topics management</td><td>RIG: 2.4.1 Recognitions; 2.3.2. Our development and value creation strategy; 3.3.5. Safety, health, and well-being; 4.1. Stakeholder engagement and value creation to 4.2.2. Risk Management</td><td>– CSC | Article 508-G, Number 2, Subparagraph b) and c)</td></tr>
<tr><td>403-1
403-2
403-3
403-4
403-5
403-6
403-7</td><td>OHS Management System
Identification, assessment and investigation of hazards, risks, and incidents
Occupational healthcare services
Participation, listening and communication to employees on OHS
Training of employees in OHS
Promotion of employees' health
Prevention and mitigation of OHS impacts related to commercial relationships

In addition to what is mentioned in a specific section of the report, it is important to mention that the OHS action plan, which is annually revised, provides for several monitoring and action initiatives, with a view to guaranteeing and improving the working conditions of our people, in terms of air quality, noise, lighting conditions and air conditioning. Quarterly food audits are also carried out to ensure the quality of the food available in the company's buildings.

With the aim of listening to NOS employees and knowing their perception on various OHS topics, regular questionnaires are carried out in order to guarantee the continuous improvement of the implemented processes. The monitoring of results supports decision-making in this area.

The Occupational Health services that we provide are in line with the applicable legal requirements, but also with the regulations of the NOS certification in OHS, similarly to what happens in terms of occupational safety. We have two technicians specialized in OHS specifically assigned to the coordination of these topics, integrated in the Human Resources Department, and articulated with the Sustainability Pivots and emergency management teams.</td><td>RIG: 3.3.5. Safety, health, and well-being</td><td>– CSC | Article 508-G, Number 2, Subparagraph b)</td></tr>
</table>

GRI3: MATERIAL TOPICS 2021			
Disclosure / Response		**Location**	**Notes and correspondence** Correspondences: - UNGC Principles - SDG - Legal (CSC/ DL89/CVM)
403-9	**Accidents at work** There were no work-related fatalities arising from occupational accidents in 2022 (fatality rate of 0%). No accident occurred in 2022 with a recovery period exceeding 6 months. Scope: All employees except cinema employees, internship contracts and governing bodies. See Methodological Notes		– SDG: 8 – CSC | Article 508-G, Number 2, Subparagraph e)
403-10	**Occupational Diseases** There were no work-related fatalities from occupational diseases in 2022. Scope: All employees except cinema employees, internship contracts and governing bodies.		– SDG: 8 – CSC | Article 508-G, Number 2, Subparagraph e)
GRI 404: 2016 Training and Education			
3-3	**Material topics management**	**RIG:** 2.4.1 Recognitions; 2.3.2 Our development and value creation strategy; 3.3.6. Talent management; 4.1. Stakeholder engagement and value creation to 4.2.2. Risk Management	– CSC | Article 508-G, Number 2, Subparagraph b) and c)

	2020	2021	2022
No. of Accidents at Work	3	2	6
Frequency Rate (or accident index)	0,84	0,58	1,85
Index of accidents with serious consequences (generating leaves of absence > 6 months)	0,00	0,29	0,00
Absenteeism Rate (NOS specific indicator)	1,38%	1,26%	1,55%
Lost Days Rate (NOS specific indicator)	22,67	47,18	47,22

	2020	2021	2022
No. of Occupational Diseases	0	0	0

GRI3: MATERIAL TOPICS 2021			
Disclosure / Response		**Location**	**Notes and correspondence** Correspondences: - UNGC Principles - SDG - Legal (CSC/ DL89/CVM)
404-1	**Average annual hours of training per employee**	**RIG:** 3.3.6. Talent management	– UNGC: 6 – SDG: 4, 5, 8 – CSC | Article 508-G, Number 2, Subparagraph e)

Professional category	Gender	2020	2021	2022
Technicians	Men	13,8	15,7	13,9
	Women	7,8	9,6	17,6
	Total	11,2	13,1	15,5
Managers	Men	21,0	17,6	31,4
	Women	11,5	11,2	36,5
	Total	18,2	15,6	33,1
Directors	Men	9,3	14,6	21,3
	Women	15,1	11,4	28,5
	Total	11,3	13,3	23,5
Global	Men	15,3	16,1	18,0
	Women	8,5	9,9	20,8
	Total	**12,5**	**13,6**	**19,2**

Scope: All employees except cinema employees, internship contracts and governing bodies.
See Methodological Notes

404-3	**Percentage of employees receiving regular performance evaluations and career development assessments** The NOS performance evaluation process is mandatory for all employees with the following exceptions: a) employees with less than 3 months of seniority; b) employees with a long period of absence during the year. The coverage rate for eligible employees was 100% in 2022. The table below shows the translation of the rate compared to the total number of employees at the end of the year (31/12/2022).		– UNGC: 6 – SDG: 5, 8 – CSC | Article 508-G, Number 2, Subparagraph e)

Professional category	Gender	2020	2021	2022
Technicians	Men	99%	97%	95%
	Women	97%	96%	96%
	Total	98%	96%	95%
Managers	Men	98%	95%	99%
	Women	95%	88%	97%
	Total	98%	93%	99%
Directors	Men	100%	97%	100%
	Women	100%	100%	100%
	Total	100%	98%	100%

The figures for Women Managers and total and Men Directors and total for 2021 have been revised for correction.

Scope: All employees except cinema employees, internship contracts and governing bodies.

<table>
<tr><th colspan="2">GRI3: MATERIAL TOPICS 2021
Disclosure / Response</th><th>Location</th><th>Notes and correspondence
Correspondences:
- UNGC Principles
- SDG
- Legal (CSC/ DL89/CVM)</th></tr>
<tr><td colspan="4">GRI 405: 2016 Diversity and Equal Opportunities</td></tr>
<tr><td>3-3</td><td>Material topics management</td><td>RIG: 2.4.1 Recognitions; 2.2.3. Governance Model; 2.3.2 Our development and value creation strategy; 3.3. We Generate Value for Our People; 4.1. Stakeholder engagement and value creation to 4.2.2. Risk Management</td><td>– CSC | Article 508-G, Number 2, Subparagraph b) and c)</td></tr>
<tr><td>405-1</td><td>Diversity in governing bodies and employees
<table><tr><th>Category</th><th colspan="2">Gender</th><th colspan="3">Age (years old)</th></tr><tr><th></th><th>Men</th><th>Women</th><th><30</th><th>30 - 50</th><th>>50</th></tr><tr><td>Technician</td><td>794</td><td>606</td><td>225</td><td>959</td><td>216</td></tr><tr><td>Manager</td><td>233</td><td>114</td><td>1</td><td>257</td><td>89</td></tr><tr><td>Director</td><td>39</td><td>17</td><td>0</td><td>34</td><td>22</td></tr><tr><td>Governing bodies</td><td>13</td><td>8</td><td>0</td><td>12</td><td>9</td></tr></table>Scope: All employees with the exception of cinema employees and trainee contracts. The Governing Bodies consider the Board of Directors, the Statutory Independent Audit Board, and the Board of the General Meeting.</td><td>RIG: NOS in numbers; 2.2.3. Governance Model; 3.3. We Generate Value for Our People</td><td>– UNGC: 6
– SDG: 5, 8
– CSC | Article 508-G, Number 2, Subparagraph e)</td></tr>
<tr><td>405-2</td><td>Ratio of base salary and remuneration between women and men
NOS chose not to report this indicator since the salaries are set based on experience and roles performed and not by gender. Thus, for the same role and experience men and women earn the same basic salary level.</td><td></td><td>– UNGC: 6
– SDG: 5, 8
– CSC | Article 508-G, Number 2, Subparagraph e)</td></tr>
<tr><td colspan="4">GRI 406: 2016 Non-Discrimination
GRI 407: 2016 Freedom of Association and Collective Bargaining
GRI 408: 2016 Child Labour
GRI 409: 2016 Forced or Slave Labour</td></tr>
<tr><td>3-3</td><td>Material topics management</td><td>RIG: 2.4.1 Recognitions; 2.3.2 Our development and value creation strategy; 3.4.2. Ethical and Responsible Supply Chain Management; 4.2.1. How we manage sustainability to 4.2.3. Ethics and Conduct</td><td>– CSC | Article 508-G, Number 2, Subparagraph b) and c)</td></tr>
<tr><td>406-1</td><td>Incidents of discrimination and corrective measures taken
No incidents of discrimination were recorded.</td><td></td><td>– UNGC: 1, 6
– SDG: 5, 8, 16
– -CSC | Article 508-G, Number 2</td></tr>
</table>

GRI3: MATERIAL TOPICS 2021			
Disclosure / Response		**Location**	**Notes and correspondence** Correspondences: - UNGC Principles - SDG - Legal (CSC/ DL89/CVM)
407-1 408-1 409-1	**Operations and suppliers where freedom of association and of collective bargaining may be at risk** **Operations and suppliers where there is a significant risk of child labour incidents** **Operations and suppliers where there is a significant risk of slave or forced labour incidents** At NOS we are not aware of any situations of this nature, not even involving its supply chain. NOS guides its performance by ethical principles and responsible business, respecting labour legislation. Additionally, it subscribes to several external initiatives that promote Human Rights. NOS requires similar conduct from its suppliers, through its Code of Ethics, applicable in the scope of the provision of services to NOS, and the Sustainability Requirements for Suppliers and Partners.	**RIG:** 3.4.2. Ethical and Responsible Supply Chain Management; 4.2.1. How we manage sustainability to 4.2.3. Ethics and Conduct	– 3,4,5 – 8,16 – -CSC | Article 508-G, Number 2
GRI 413: 2016 Local Communities			
3-3	**Material topics management**	**RIG:** 2.4.1 Recognitions; 2.3.2 Our development and value creation strategy; 3.2.1. Leading the 5G technology wave and expanding its potential; 3.5.4. Promoting sustainable innovation to 3.5.5. Promoting inclusion and digital literacy; 4.1. Stakeholder engagement and value creation to 4.2.2. Risk Management	– -CSC | Article 508-G, Number 2
413-1	**Operations with local community involvement, impact assessments and development programs**	**RIG:** 3.2.1. Leading the 5G technology wave and expanding its potential; 3.2.5. Products and services with environmental and social benefits; 3.2.9. Leadership in next generation networks; 3.5.4. Promoting sustainable innovation to 3.5.5. Promoting inclusion and digital literacy	– -CSC | Article 508-G, Number 2
GRI 414: 2016 Suppliers Social Evaluation			
3-3	**Material topics management**	**RIG:** 2.4.1 Recognitions; 2.3.2. Our development and value creation strategy; 3.4.2. Ethical and Responsible Supply Chain Management); 4.2. Responsible Management, to 4.2.2. Risk Management	– CSC | Article 508-G, Number 2, Subparagraph b) and c)
414-1	**New suppliers screened using social criteria.** The supplier evaluation for 2022 will take place during the first quarter of 2023. For the fifth consecutive year, it will include criteria on Ethics, Environment and Occupational Health and Safety. Additionally, a dedicated supplier ESG performance evaluation survey is under development (development started during 2022).	**RIG:** 3.4.2. Ethical and Responsible Supply Chain Management	– SDG: 1, 2, 3, 4, 5, 6

GRI3: MATERIAL TOPICS 2021			
Disclosure / Response		**Location**	**Notes and correspondence** Correspondences: - UNGC Principles - SDG - Legal (CSC/ DL89/CVM)
GRI 415: 2016 Public Policies			
3-3	**Material topics management**	**RIG:** 2.4.1 Recognitions; 2.3.2 Our development and value creation strategy; 4.2. Responsible Management, to 4.2.3. Ethics and Conduct	– CSC | Article 508-G, Number 2, Subparagraph b) and c)
415-1	**Political contributions** NOS assumes itself as a nonpartisan and apolitical organization. It does not support financially or in kind, under any circumstances, political parties, organizations, or individuals associated with them whose mission is essentially political.		– 10 – 16 – -CSC | Article 508-G, Number 2
GRI 416: 2016 Customer Health and Safety			
3-3	**Material topics management**	**RIG:** 2.4.1 Recognitions; 2.3.2 Our development and value creation strategy; 3.2.6. Safety in the use of products and services; 4.2. Responsible Management, to 4.2.2. Risk Management; 4.2.5. Preventing exposure and monitoring electromagnetic fields	– CSC | Article 508-G, Number 2, Subparagraph b) and c)
416-1	**Assessment of the health and safety impacts of products and services**	**RIG:**4.2.5. Preventing exposure and monitoring electromagnetic fields	– SDG: 16 – CSC | Article 508-G, Number 2, Subparagraph e)
416-2	**Incidents of non-compliance related to health and safety impacts caused by products and services** In the reporting period there is no record of such occurrences		– SDG: 16 – CSC | Article 508-G, Number 2, Subparagraph e)
GRI 417: 2016 Information/Labelling of Products and Services			
3-3	**Material topics management**	**RIG:** 2.4.1 Recognitions; 2.3.2 Our development and value creation strategy; 3.2.7. Customer and Digital Centric Excellence; 4.2. Responsible Management, to 4.2.1. How we manage sustainability	– CSC | Article 508-G, Number 2, Subparagraph b) and c)
417-2	**Incidents of non-compliance related to information/labelling of products and services** In the reporting period there is no record of such occurrences	3.2.6. Safety in the use of products and services;	– SDG: 16 – CSC | Article 508-G, Number 2, Subparagraph e)
417-3	**Incidents of non-compliance related to marketing communications** In the reporting period there is no record of such occurrences		– SDG: 16 – CSC | Article 508-G, Number 2, Subparagraph e)

GRI3: MATERIAL TOPICS 2021			
Disclosure / Response		**Location**	**Notes and correspondence** Correspondences: - UNGC Principles - SDG - Legal (CSC/ DL89/CVM)
GRI 418: 2016 Customer Privacy			
3-3	**Material topics management**	**RIG:** 2.4.1 Recognitions; 2.3.2 Our development and value creation strategy; 4.1. Stakeholder engagement and value creation, to 4.2.2. Risk Management; 4.2.4. Security & Privacy	– CSC | Article 508-G, Number 2, Subparagraph b) and c)
418-1	**Founded complaints regarding breaches of customer privacy and losses of customer data** In the reporting period there are 232 substantiated complaints/reports regarding breaches of privacy and loss of customer data.		– CSC | Article 508-G, Number 2, Subparagraph e)

SUBTITLE:

RGI – 2022 Integrated Management Report

RGS – 2022 Corporate Governance Report

DFC –2022 Consolidated Financial Statements

UNGC principles - United Nations Global Compact

SDG - Sustainable Development Goals

RGS – 2022 Corporate Governance Report

DL89 - Decree-Law no. 89/2017 of July 28th

CSC - Portuguese Companies Code | Amendments introduced by Decree-Law no. 89/2017 of July 28th

CVM - Portuguese Securities Market Code | Amendments introduced by Decree-Law no. 89/2017 of July 28th

6.2. Methodological Notes

201-1 Direct economic value generated and distributed

Economic value generated: The economic value generated is equivalent to the turnover and corresponds to the sum of the following parts: net sales; financial investment income; revenue from asset sales.

Distributed economic value: The economic value distributed is equivalent to the costs of procuring products, materials and services and corresponds to the sum of the following parts: operating costs; salaries and benefits to employees; payments to capital providers and shareholders; payments to governments; investments in the community (in the form of donations);

Accumulated economic value: The accumulated economic value corresponds to the difference between the economic value generated and the economic value distributed.

204-1 Proportion of expenses with local suppliers

For NOS, a national supplier is a Supplier with headquarters in the country of the NOS company. For example, for "NOS Sistemas Espanha," a Spanish supplier is a national supplier. Intragroup expenses are not considered.

401-1 New hires and employee net replacement

In calculating the admissions and net replacement rates the following formulas were used:

Admission rate: Number of admissions/total number of employees*

Net Replacement Rate: [((Entries-Exits) + Total number of employees*) /Total number of employees*]-1

*(as of December 31, of each year)

401-3 Return to work and employee retention rates

In calculating the rates of return to work and retention the following formulas were used:

Return rate: Total number of employees returning after the period of compulsory parental leave /Total number of employees that should return to work after compulsory parental leave) * 100

Retention rate: Total number of employees who returned to work after the period of compulsory parental leave and remain employed after 12 months /Total number of employees who returned to work after the period of compulsory parental leave in the previous period) * 100

403-9: Occupational accidents

403-10 Occupational diseases

Occupational accidents: for the purposes of accounting for work accidents that occurred in the reporting period, all accidents reported to the People and Organization Department are considered.

Days lost: Only working days are counted in the counting of days lost. The counting of lost days starts the day after the date of the accident.

Occupational diseases: For NOS, occupational diseases are related to the type of work developed by the employee and predictably they would be related to psychiatric leave, nervous exhaustion, tendinitis, and musculoskeletal injuries. For the purposes of reporting this indicator, are considered as occupational diseases those communicated and proven in the reporting year.

Absenteeism: number of working days lost, with the exception of vacation days and leaves decided by the company.

Accident rates: in calculating the accident rates the following calculation formulas were used

Frequency rate = (number of work accidents occurred in the reporting period / No. of workable hours) * 1000000

Lost Days Rate (specific indicator, non-GRI Standards 2018) = (number of lost working days related to work accident or occupational disease in the reporting period / No. of workable hours) * 1000000

Absenteeism rate (specific indicator, non-GRI Standards 2018) = number of working days lost due to absence / number of workable days

404-1 Average hours of training per year and per employee

In calculating the average number of training hours, per gender and organizational group, the following calculation formulas were used:

Average number of hours of training per employee: Total number of training hours/Total number of employees *

Average hours of training per gender (M / F): Total number of training hours per gender (M/F) / Total number of employees * per gender (M/F)

Average number of training hours per organizational group (M/F): Total number of training hours per organizational group / Total number of employees * in each organizational group

*(as of December 31, of each year)

302 - Energy consumption and energy efficiency

Total energy consumption - Total energy consumption of the NOS Group. Considers all forms of energy consumed by all activities of the NOS Group, in company facilities. It includes fossil fuel consumption (fleet, heat production in buildings and cinemas and emergency generators), consumption of electricity, heat and cold acquired from third parties (technical infrastructure, buildings, own stores, cinemas, and fleet) and consumption of electricity from renewable self-production (micro-generation of electricity in mobile network sites and solar thermal energy in buildings). The indicator is expressed in Megawatt-hours (MWh), using the most recent versions of conversion factors published by the Portuguese national authorities: Lower calorific value and fuel density ("Directorate-General for Energy and Geology ").

Data traffic - Total volume of data traffic associated with telecommunications services provided. Includes all mobile and fixed data.

Energy consumption of the telecommunications service per data traffic - Ratio between energy consumption of the telecommunications services provided, expressed in kWh, and associated data traffic, expressed in Terabyte (TB). Considers all forms of energy consumed in activities related to Telco service provision (fixed and mobile network and support activities - fleet, buildings, and stores), in NOS and third-party facilities (infrastructures under housing regime, leased facilities where energy costs are borne by the owner, and sites shared with other operators). Excludes consumption in Data Centres dedicated to data processing and storage services and in cinemas of the Audiovisuals & Cinema segment.

GRI 305 - Carbon footprint

Methodology - NOS' carbon footprint is accounted for according to The GHG Protocol Corporate Accounting and Reporting Standard - Revised Edition (2004), complemented with the guidelines contained in The GHG Protocol Scope 2 Guidance (2015), when accounting for Scope 2 emissions, and The GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011), when accounting for Scope 3 emissions. The consolidation approach used is that of financial control. Emissions from NOS Madeira and NOS Açores operations for which it is not possible to obtain operational data are estimated based on the respective number of customers.

Greenhouse Gases (GHG) - GHGs included are carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), and fluorinated gases (hydrofluorocarbons - HFCs; Perfluorocarbons - PFCs, Sulphur Hexafluoride - SF6; Nitrogen Trifluoride - NF3). The results are converted into carbon dioxide equivalent (CO2e) using the Global Warming Potential (GWP) figures published in the Intergovernmental Panel on Climate Change Fourth Assessment Report.

Scope 1 emissions - Total direct emissions that occur at sources owned or controlled by NOS. Includes emissions associated with the fixed and mobile combustion of fossil fuels and fugitive emissions from cooling gases used in equipment.

Fossil fuels - Emissions calculated based on the fuel supplied and on conversion factors from the most recent edition of the Portuguese National Emissions Inventory (Portuguese Environment Agency). For road diesel and gasoline, the most recent information on the rate of incorporation of biofuels (biodiesel and bioethanol, respectively) in the fuel sold in Portugal is used.

Fluorinated gases - Emissions calculated by applying GWP values, specific for each type of gas, to the quantities emitted. The quantity emitted is considered equal to the quantity consumed to replenish leaks.

Scope 2 emissions - Total emissions associated with the production of final energy purchased from third parties and consumed at NOS' facilities and equipment. Includes emissions associated with purchased electricity, heat and cold.

Electricity - Emissions calculated based on electricity invoiced. Calculation according to the Location Based Method uses the conversion factor representing the average carbon content of electricity from the electrical grid in Portugal, according to the most recent data published by the European Environment Agency (data relating to electricity production in year n-1). Calculation according to the Market Based Method uses the specific conversion factor of the carbon content of the electricity supplied by suppliers during the reporting year, calculated on the basis of the most recent information available at the time.

Thermal energy - Emissions calculated on the basis of invoiced thermal energy (heat and cold). The calculation uses the specific conversion factor of one of the two thermal energy suppliers. This factor is considered representative of the entire supply, given the similarity of the fuel (natural gas) and technology (cogeneration) used.

Scope 3 emissions - Total emissions associated with third-party activities in NOS' value chain, upstream and downstream of the company's own activities.

Purchased goods and services (category 1) - Emissions from the extraction of raw materials and production of purchased goods and services in the reporting year. The calculation uses Life Cycle Assessment (LCA) data - manufacturer-specific or representative of the type of equipment - for customer equipment, industry representative data for services provided by other operators, industry proxies for media content production, and Environmentally Extended Input-Output (EEIO) tables for the remaining categories of goods and services.

Capital goods (category 2) - Emissions from the extraction of raw materials and the production of fixed assets acquired in the reporting year. The calculation uses representative LCA data for capitalized customer equipment and EEIO tables for the remaining categories.

Energy related emissions, not included in scope 1 and 2 (category 3) – Upstream emissions (extraction, refining and transport) in the life cycle of fossil fuels, electricity and thermal energy consumed and emissions from the production of electricity lost in the transmission and distribution network. The calculation uses reference ACV emission factors and national values for T&D losses in Portugal and for the location-based emission factor.

Upstream and downstream logistics and distribution (categories 4 and 9) – Emissions from subcontracted logistics and distribution. It includes emissions from electricity consumption in the logistics centre and transport of customer equipment to the store network and to the customer's premises (direct and reverse logistics). It accounts for both transports paid for by NOS (category 4) and transport paid for by customers and partners (category 9). The calculation uses specific activity data (weights carried, distances travelled and vehicle type) and specific emission factors by vehicle type.

Waste generated in the operation (category 5) - Emissions from the disposal and treatment of waste and wastewater generated in the own operation. The calculation uses reference emission factors and excludes emissions from recycling and energy recovery operations, allocated to the recycling and energy sectors, respectively. Does not include transport to treatment units.

Business travel (category 6) – Emissions from employee missions in third-party vehicles (airplane, train, and taxi). The calculation uses information on distances travelled and number of passengers and reference emission factor by transportation mode. Air travel emissions include Radiative Force Index.

Employee Commuting (category 7) – Emissions from employee commuting in non-company vehicles. The calculation uses specific data on the mobility patterns of NOS employees, obtained through surveys, and emission factors representative of each transportation mode.

Energy consumption at third-party facilities (category 8) - Emissions from electricity consumption in company-owned equipment at third-party facilities (shared sites of other operators, rented premises and equipment in housing). The calculation uses estimates of electricity consumption based on similar equipment and location-based emission factors.

Use of products (category 11) – Emissions from electricity consumption, over the entire useful life, of customer equipment, in the mobile and fixed segments, sold or installed by the company in the reporting year. The calculation uses data representative of energy consumption, useful life, logistical process, and usage patterns of equipment sold each year, and location-based emission factors. Does not include

energy consumption in equipment used by the customer to use the services provided by NOS, but which were not sold or installed by the company.

End of life treatment of sold products and packaging (category 12) - Emissions from the treatment, at the respective end of life, of the waste from customer equipment sold or installed in the reporting year, and respective packaging. The calculation considers recovery rates, in Portugal, of electric and electronic equipment (category 6) and packaging, and reference emission factors. Excludes emissions from recycling and energy recovery operations, allocated to the recycling and energy sectors, respectively.

Franchised stores (category 14) – Emissions from electricity consumed in stores managed by third parties, under franchising. The calculation uses consumption estimates - based on average consumption by area at NOS owned stores and the total area of the franchised store network - and location-based emission factors.

Investments (category 15) - Scope 1 and 2 emissions, in the % of share capital held, of associated companies and joint ventures, not consolidated financially using the full consolidation method. The calculation uses estimates based on the NOS ratio of emissions per revenue for associates in the telecommunications sector and EEIO tables for the others. Associated companies and joint ventures where NOS is the largest customer are excluded, since emissions associated with the purchase of goods and services are already accounted for in categories 1 and 2.

Category 10 (processing of sold products) and category 13 (leasing of assets to third parties) are not applicable, as NOS does not sell intermediate products and does not lease assets to third parties.

ELECTROMAGNETIC FIELDS

Radiation exposure threshold values - Maximum value of power density allowed for exposure to the electromagnetic field, depending on the frequency under analysis, according to Ordinance No. 1421/2004 of November 23rd, which follows the Council Recommendation 1999/519/EC of 12th July and Regulation No. 86/2007.

COMPLIANCE INDICATORS – NON-CONFORMITIES

For the purpose of reporting this indicator all legal proceeding, which resulted in the application to NOS of any sanctions for non-compliance with laws or resolutions issued by the regulatory authority, were considered.

6.2.1. Methodological Notes | Environment

302 - ENERGY CONSUMPTION AND ENERGY EFFICIENCY

Total energy consumption - Total energy consumption of the NOS Group. Considers all forms of energy consumed by all activities of the NOS Group, in company facilities. It includes fossil fuel consumption (fleet, heat production in buildings and cinemas and emergency generators), consumption of electricity, heat and cold acquired from third parties (technical infrastructure, buildings, own stores, cinemas, and fleet) and consumption of electricity from renewable self-production (micro-generation of electricity in mobile network sites and solar thermal energy in buildings). The indicator is expressed in Megawatt-hours (MWh), using the most recent versions of conversion factors published by the Portuguese national authorities: Lower calorific value and fuel density ("Directorate-General for Energy and Geology ").

Data traffic - Total volume of data traffic associated with telecommunications services provided. Includes all mobile and fixed data.

Energy consumption of the telecommunications service per data traffic - Ratio between energy consumption of the telecommunications services provided, expressed in kWh, per associated data traffic, expressed in Terabyte (TB). Considers all forms of energy consumed in activities related to Telco service provision (fixed and mobile network and support activities - fleet, buildings, and stores), in NOS and third-party facilities (infrastructures under housing regime, leased facilities where energy costs are borne by the owner, and sites shared with other operators). Excludes consumption in Data Centres dedicated to data processing and storage services and in cinemas of the Media & Entertainment segment.

GRI 305 - CARBON FOOTPRINT

Methodology - NOS' carbon footprint is accounted according to The GHG Protocol Corporate Accounting and Reporting Standard - Revised Edition (2004) methodology, complemented with the guidelines contained in The GHG Protocol Scope 2 Guidance (2015), when accounting for Scope 2 emissions, and The GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011), when accounting for Scope 3 emissions. The consolidation approach used is that of financial control. Emissions from NOS Madeira and NOS Açores operations for which it is not possible to obtain operational data are estimated based on the respective number of customers.

Greenhouse Gases (GHG) - GHGs included are carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), and fluorinated gases (hydrofluorocarbons - HFCs; Perfluorocarbons - PFCs, Sulphur Hexafluoride - SF6; Nitrogen Trifluoride - NF3). The results are converted into carbon dioxide equivalent (CO2e) using the Global Warming Potential (GWP) figures published in the Intergovernmental Panel on Climate Change Forth Assessment Report.

Scope 1 emissions - Total direct emissions that occur at sources owned or controlled by NOS. Includes emissions associated with the fixed and mobile combustion of fossil fuels and fugitive emissions from cooling gases used in equipment

Fossil fuels - Emissions calculated based on the fuel supplied and on conversion factors from the most recent edition of the National Emissions Inventory ("Portuguese Environment Agency"). For road diesel and gasoline, the most recent information on the rate of incorporation of biofuels (biodiesel and bioethanol, respectively) in the fuel sold in Portugal is used.

Fluorinated gases - Emissions calculated by applying GWP values, specific for each type of gas, to the quantities emitted. The quantity emitted is considered equal to the quantity consumed to replenish leaks.

Scope 2 emissions - Total emissions associated with the production of final energy purchased from third parties and consumed at NOS' facilities and equipment. Includes emissions associated with purchased electricity, heat and cold.

Electricity - Emissions calculated based on electricity invoiced. Calculation according to the Location Based Method uses the conversion factor representing the average carbon content of electricity from the electrical grid in Portugal, according to the most recent data published by the European Environment Agency (data relating to electricity production in year n-1). Calculation according to the Market Based Method uses the specific conversion factor of the carbon content of the electricity supplied by suppliers during the reporting year, calculated on the basis of the most recent information available at the time.

Thermal energy - Emissions calculated on the basis of invoiced thermal energy (heat and cold). The calculation uses the specific conversion factor of one of the two thermal energy suppliers. This factor is considered representative of the entire supply, given the similarity of the fuel (natural gas) and technology (cogeneration) used.

Scope 3 emissions - Total emissions associated with third-party activities in NOS' value chain, upstream and downstream of the company's own activities

Purchased goods and services (category 1) - Emissions from the extraction of raw materials and production of purchased goods and services in the reporting year. The calculation uses Life Cycle Assessment (LCA) data - manufacturer-specific or representative of the type of equipment - for customer equipment, industry representative data for services provided by other operators, industry proxies for media content production, and Environmentally Extended Input-Output (EEIO) tables for the remaining categories of goods and services.

Capital goods (category 2) - Emissions from the extraction of raw materials and the production of fixed assets acquired in the reporting year. The calculation uses representative LCA data for capitalized customer equipment and EEIO tables for the remaining categories.

Energy related emissions, not included in scope 1 and 2 (category 3) – Upstream emissions (extraction, refining and transport) in the life cycle of fossil fuels, electricity and thermal energy consumed and emissions from the production of electricity lost in the transmission and distribution network. The calculation uses reference ACV emission factors and national values for T&D losses in Portugal and for the location-based emission factor.

Upstream and downstream logistics and distribution (categories 4 and 9) – Emissions from subcontracted logistics and distribution. It includes emissions from electricity consumption in the logistics centre and transport of customer equipment to the store network and to the customer's premises (direct and reverse logistics). It accounts for both transports paid for by NOS (category 4) and transport paid for by customers and partners (category 9). The calculation uses specific activity data (weights carried, distances travelled and vehicle type) and specific emission factors by vehicle type.

Waste generated in the operation (category 5) - Emissions from the disposal and treatment of waste and wastewater generated in the own operation. The calculation uses reference emission factors and excludes emissions from recycling and energy recovery operations, allocated to the recycling and energy sectors, respectively. Does not include transport to treatment units.

Business travel (category 6) – Emissions from employee missions in third-party vehicles (airplane, train, and taxi). The calculation uses information on distances travelled and number of passengers and a reference emission factor. Air travel emissions include Radiative Force Index.

Employee Commuting (category 7) – Emissions from employee commuting in non-company vehicles. The calculation uses specific data on the mobility patterns of NOS employees, obtained through surveys, and emission factors representative of each transport mode**.**

Energy consumption at third-party facilities (category 8) - Emissions from electricity consumption in company-owned equipment at third-party facilities (shared sites of other operators, rented premises and

equipment in housing). The calculation uses estimates of electricity consumption based on similar equipment and location-based emission factors.

Use of sold products (category 11) – Emissions from electricity consumption, over the entire useful life, of customer equipment, in the mobile and fixed segments, sold or installed by the company in the reporting year. The calculation uses data representative of energy consumption, useful life, logistical process, and usage patterns of equipment sold each year, and location-based emission factors. Does not include energy consumption in equipment used by the customer to use the services provided by NOS, but which were not sold or installed by the company.

End of life treatment of sold products and packaging (category 12) - Emissions from the treatment, at the respective end of life, of the waste from customer equipment sold or installed in the reporting year, and respective packaging. The calculation considers recovery rates, in Portugal, of electric and electronic equipment (category 6) and packaging, and reference emission factors. Excludes emissions from recycling and energy recovery operations, allocated to the recycling and energy sectors, respectively.

Franchised stores (category 14) – Emissions from electricity consumed in stores managed by third parties, under franchising. The calculation uses consumption estimates - based on average consumption by area at NOS owned stores and the total area of the franchised store network - and location-based emission factors.

Investments (category 15) - Scope 1 and 2 emissions, in the % of share capital held, of associated companies and joint ventures, not consolidated financially using the full consolidation method. The calculation uses estimates based on the NOS ratio of emissions per revenue for associates in the telecommunications sector and EEIO tables for the others. Associated companies and joint ventures where NOS is the largest customer are excluded, since emissions associated with the purchase of goods and services are already accounted for in categories 1 and 2.

Category 10 (processing of sold products) and category 13 (leasing of assets to third parties) are not applicable, as NOS does not sell intermediate products and does not lease assets to third parties.

6.3. Adoption of the Task Force on Climate-Related Financial Disclosure (TCFD) Recommendations

TCFD Recommendation		NOS Disclosure	
Recommendation	Recommended disclosure	Information disclosed by NOS	Reference
Governance Disclose the organization's governance model for climate risks and opportunities	a) Describe the process of monitoring climate risks and opportunities, at the level of the Board of Directors	Our response to the CDP Climate Change questionnaire details the responsibilities and processes of climate supervision at the NOS Board of Directors level, including the existence of specific responsibilities on the topic. In the Integrated Management Report, we present how we are organised to manage sustainability issues, in a global manner, including the Board of Directors' role in the process.	Response to 2022 CDP Climate Change – C1.1, C1.1a, C1.1b, C1.1d 2022 Integrated Management Report - sections 4.2.1, 2.2.3, 4.1.1
	b) Describe the role of management in assessing and managing climate risks and opportunities	Our response to the CDP Climate Change questionnaire details the climate assessment and management responsibilities and processes, at the management level immediately below the NOS Board of Directors. In the Integrated Management Report, we present how we are organised to manage sustainability issues, in a global manner, including the senior management role in the process.	Response to 2022 CDP Climate Change – C1.2, C1.2a 2022 Integrated Management Report - section 4.2.1
Strategy Disclose the actual and potential impact of climate risks and opportunities on business strategy and financial planning, to the extent that this information is material	a) Describe the identified climate risks and opportunities in the short, medium, and long term	In the response to the CDP Climate Change questionnaire, we annually disclose the characterisation of the climate risks (physical and transition) and opportunities that we have identified, including the respective drivers, estimated potential financial impact, response mechanisms and response costs. In the Integrated Management Report, we present the most relevant risks and opportunities identified each year, including the climate change risks and opportunities included in the ESG category.	Response to 2022 CDP Climate Change – C2.1, C2.1a, C2.1b, C2.3, C2.3a, C2.4, C2.4a 2022 Integrated Management Report – section 4.2.2
	b) Describe the impact of climate risks and opportunities on business strategy and financial planning	Our response to the CDP Climate Change questionnaire details how the climate risks and opportunities we have identified influence our business strategy (in terms of the products and services we place on the market, our own operation, and the value chain) and the way we plan resources (in terms of revenues, capital costs and operating costs). The Integrated Management Report presents the NOS Next Generation 2021-2025 business strategy and its integration with ESG topics, including those related to climate.	Response to 2022 CDP Climate Change – C3.1, C3.3, C3.4, C3.5, C3.5a 2022 Integrated Management Report - sectionn2.3.2

TCFD Recommendation		NOS Disclosure	
Recommendation	Recommended disclosure	Information disclosed by NOS	Reference
	c) Describe the resilience of the organization's strategy considering different climate scenarios, including 2°C or lower scenarios	At the end of 2022, we began a detailed risk and opportunities assessment process under various climate scenarios, which will allow a full assessment of the resilience of our business strategy under various scenarios of physical, regulatory and market consequences of climate change.	Response to 2022 CDP Climate Change – C3.2 2022 Integrated Management Report – section 3.5.1
Risk Management Disclose how the organization identifies, assesses, and manages climate risks	a) Describe the processes for identifying and assessing climate risks	Our response to the CDP Climate Change questionnaire details the responsibilities and processes we have implemented to manage climate risks and opportunities (identification, assessment, and management) and how they are integrated into the NOS risk management model. The Integrated Management Report details our global risk management model, including its methodology and processes, and how it covers climate risks and opportunities.	Response to 2022 CDP Climate Change – C2.1, C2.1a, C2.1b, C2.2, C2.2a 2022 Integrated Management Report – section 4.2.2
	b) Describe climate risk management processes		Response to 2022 CDP Climate Change – C2.1, C2.1a, C2.1b, C2.2, C2.2a 2022 Integrated Management Report – section 4.2.2
	c) Describe how climate risk identification, assessment and management processes are integrated into the organization's global risk management model		Response to 2022 CDP Climate Change – C2.1, C2.2 2022 Integrated Management Report – section 4.2.2
Indicators and targets Describe the indicators and targets used to assess and manage climate-relevant risks and opportunities, to the extent that this information is material	a) Describe the indicators used to assess climate risks and opportunities, in line with the risk management strategy and process	The Integrated Management Report provides detailed information on the indicators we use to monitor our climate performance and thus manage risks and maximise the associated opportunities. These indicators include GHG emissions metrics (absolute emissions, by scope), energy efficiency (energy consumption per data traffic), renewable electricity consumption and emissions avoided by the use of our products and services. We also present financial indicators associated with activities that contribute significantly to climate change mitigation and adaptation objectives. Our response to the CDP Climate Change questionnaire also presents indicators for emissions, energy, avoided emissions and other relevant environmental issues, as well as financial indicators of climate transition, namely turnover associated with low carbon products and services and costs (operational and investment) for reducing the carbon intensity of our operation. It also includes information on the integration of climate performance metrics in remuneration policies.	2022 Integrated Management Report - sections 3.5.1, 3.5.2, 3.5.6 Response to 2022 CDP Climate Change – C61, C6.2, C6.3, C6.10, C8, C9, C4.3, C4.5, C3.5, C1.3, C1.3a
	b) Disclose scope 1, 2 and, if relevant, scope 3 greenhouse gas (GHG) emissions and associated risks	The Integrated Management Report discloses the NOS carbon footprint, including scope 1 and 2 emissions and all applicable categories of scope 3	2022 Integrated Management Report – section 3.5.1 Response to 2022 CDP Climate Change – C5.3, C6.1, C6.2, C6.3, C6.5, C10.1

TCFD Recommendation		NOS Disclosure	
Recommendation	Recommended disclosure	Information disclosed by NOS	Reference
		emissions. Quantification follows The GHG Protocol methodology and results are subject to independent external verification. Our response to the CDP Climate Change questionnaire also discloses these results.	
	c) Describe the targets set to manage climate risks and opportunities and the performance on those targets	The Integrated Management Report discloses the quantitative targets we set for each of our energy and emissions indicators, as well as annual performance against these targets. Our emissions reduction targets (scope 1, 2 and scope 3) are recognised as Science-Based Targets by the Science Based Target initiative. In 2022, NOS has committed to also submit its Net-Zero Target 2040 to SBTi for approval. Our response to the CDP Climate Change questionnaire also includes these targets and their performance	2022 Integrated Management Report – section 3.5.1 Response to 2022 CDP Climate Change – C4.1, C4.1a, C4.2, C4.2a, C4.2b, C4.2c

6.4 Glossary

%: Percentage
AdC - Portuguese Competition Authority
ACV: Life cycle analyses
DNA: Deoxyribonucleic Acid
ANACOM: Portuguese Communications Authority
ANEPC: Portuguese Civil Protection and Emergency Authority
ANFR: L'Agence Nationale des Fréquences
APA: Portuguese Environment Agency, I.P.
APAN: Portuguese Advertisers Association
APCC: Portuguese Association of Contact Centres
API: Application Programming Interface
App: Application
APRITEL: Portuguese Association of Electronic Communications Operators
ARPU: Average revenue per unit
ASF: Insurance and Pension Funds Supervisory Authority
AV: Audiovisual
AVAC: Heating, Ventilation and Air Conditioning
AVMS: Audiovisual Media Services
AWS: Amazon Web Services
B2B: Business to Business
B2C: Business to Consumer
ECB: European Central Bank
BCM: Business Continuity Management
BCSD: Business Council for Sustainable Development
BEREC: Body of European Regulators of Electronic Communications
BIA: Business Impact Analysis
BoD: Board of Directors
CAPEX: Capital expenditures
CCO: Chief Compliance Officer
CDADC: Copyright and Related Rights Code
CDP: Disclosure, Insight Action
EC: Executive Committee
EECC: European Electronic Communications Code
EMF: Electromagnetic Fields
CENELEC: European Committee for Electrotechnical Standardization
CEO: Chief Executive Officer
CFEI: Extraordinary Investment Tax Credit
CFO: Chief Financial Officer
CH4: Methane
CISO: Chief Information Security Officer
CLC: Statutory Auditors
CMVM: Portuguese Securities Market Commission
CNCS: National Cyber-security Centre
CNPD - National Data Protection Commission
CO2: Carbon Dioxide
CSA: Corporate Sustainability Assessment (S&P)
CSC: Portuguese Companies Code
CSI: Solidarity Supplement for the Elderly
CTO: Chief Technology Officer
CVM: Portuguese Securities Commission
DDoS: Distributed Denial of Service
DECO: Portuguese Association for Consumer Protection
DESI: Digital Economy and Society Index
DFC: Controlled Financial Statements
DGEEC: Directorate-General for Education and Science Statistics
DL: Decree-Law
DNS: Domain Name System
DOCSIS: Data Over Cable Service Interface Specifications
DPO: Data Protection Officer
DVD: Digital Versatile Disc
DWDM: Dense Wavelength Division Multiplexing
DWP: Digital With Purpose
EBITDA: Earnings before interest, taxes, depreciation, and amortization
E-Cycle: EEA Producers Association
EEIO: Environmentally Extended Input-Output
EGDC: European Green Digital Coalition
PPE: Personal Protective Equipment
ERC: Portuguese Regulatory Authority for the Media
ECL: Electronic Communications Law
ERDS: Electronic Report Deliverable Submission
ERM: Enterprise Risk Management
ESG: Environmental, Social and Governance

eSIM: Embedded SIM
ESTGA: Águeda Superior School of Technology and Management
ETIS - The Community for Telecom Professionals
USA: United States of America
FASG: Fraud and Security Group
FCF: Free Cash Flow
FC Porto: Porto Football Club
FEVIP: Portuguese Association for the Protection of Audiovisual Works
FIS: Simplified Information Sheet
IMF: International Monetary Fund
FttH: Fiber-to-the-Home
FTTP: Fiber to the Premises
g: Grams
Gbps: Gigabits per second
GEDIPE: Association for the Collective Management of Copyrights and Film Producers' Rights
GHG: Greenhouse Gases
GEI: Gender-Equality Index (Bloomberg)
GeSI: Global Enabling Sustainability Initiative
GHG: Greenhouse Gas
GHz: Giga Hertz
GJ: Giga Joules
GNS: National Security Office
GRC: Governance, Risk & Compliance
GRI: Global Reporting Initiative
GSMA: Groupe Speciale Mobile Association
GWh: Gigawatt-hour
HFC: Hybrid Fiber Coax
Hz: Hertz
R&D: Research & Development
AI: Artificial Intelligence
ICA: Film and Audiovisual Institute
ICNF: Institute for Nature Conservation and Forests
ICNIRP: International Commission on Non-Ionizing Radiation Protection
ICT: Information and Communication Technology
IDI: Research, Development, and Innovation
IFRS: International Financial Reporting Standards
IGAC: Inspectorate General of Cultural Activities
IHPC: Harmonised Consumer Price Index
IIRC: International Integrated Reporting Council
INE: National Institute for Statistics
INOV: Institute for Systems Engineering and Computers Innovation
iOS: iPhone Operating System
IoT: Internet of Things
IP: Internet Protocol
IPMA: Portuguese Institute for Sea and Atmosphere
IPP: Polytechnic Institute of Portalegre
IPSS: Private Social Solidarity Institutions
ISM: Information Security Management
ISO: International Organization for Standardization
ISP: Internet Service Provider
ISQ: Welding and Quality Institute
IST: Instituto Superior Técnico
ITED: Telecommunications Infrastructures in Buildings
ITU: International Telecommunication Union
VAT: Value Added Tax
k: Mil
KAM - Key Audit Matters
kg: Kilogram
KPI: Key Performance Indicator
KRI - Key Risk Indicator
kWh: Kilowatt-hour
kWp: Kilowatt peak
LdO: Guidelines
M€: Millions of Euros
Mbps: Megabit per second
MEC: Multi-access Edge Computing
MHz: Mega Hertz
MS: Microsoft
MSC: Mobile Switching Centre
MSCI: Morgan Stanley Capital International
MSM: Mustard Seed MAZE
MWh: Megawatt-hour
No.: Number
NB IoT: Narrow Band Internet of Things

NF3: Nitrogen Trifluoride
NG-FWaaS: Next Generation Firewall as a Service
NPS: Net Promoter Score
N2O: Nitrous Oxide
SDGs: United Nations Sustainable Development Goals
OFCOM: Office of Communications (United Kingdom)
ILO: International Labour Organisation
WHO: World Health Organisation
OPEX: Operational Expenditure
OTT: Over the Top players
P&S: Products & Services
GWP: Global Warming Potential
PC: Personal Computer
COB: Chairman of the Board of Directors
PFCs: Perfluorocarbons
PIA: Privacy Impact Assessments
GDP: Gross Domestic Product
PME: Small and medium-sized enterprises
P.p.: Percentage point
PPA: Power Purchase Agreement
PSI: Information Security Policy
PUE: Power Usage Effectiveness
PWIT: Portuguese Women in Tech
RA: Risk Assessment
RAN - Radio Access Network
RAT: Processing activity log
RCIC: Risks of Corruption and Related Offences
RCN: Compliance Officer
REEE: Waste of Electrical and Electronic Equipment
GDPR: General Data Protection Regulation
RGU: Revenue generating unit
ROC: Statutory Auditor
RPA: Robotic Process Automation
RSI: Social Integration Income
S&P: Standard & Poor's
S.A: Joint Stock Company
SBE: School of Business & Economics
SBT: Science Based Target
SBTi: Science Based Targets initiative
SD-WAN: Software-defined Wide Area Network
SF6: Sulphur Hexafluoride
IMS: Integrated Management System
SGPS: Holding Company
IS - Information Systems
SIFIDE: System of Tax Incentives for Research and Business Development
SIRSCE: Regulation on the security and integrity of electronic communications networks and services
SL Benfica: Sport Lisboa e Benfica
SLLP: Sustainability Linked Loan Principles
SMS: Short Message Service
SOC - Security Operations Centre
SROC: Statutory Audit Firm
OHS: Occupational Health and Safety
STEM: Science, Technology, Engineering, Mathematics
SVoD: Video On Demand Subscription
t: Tonne
TB: Terabyte
TCFD: Task Force on Climate-Related Financial Disclosures
tCO2e: tonnes of CO2 equivalent
IT – Information Technologies
ICT - Information and Communication Technologies
TJUE- European Court of Justice
TV: Television
UA: Aveiro University
UE: European Union
UNGC: United Nations Global Compact
VDI: Virtual Desktop Infrastructure
VHCN: Very High-Capacity Networks
VLE: Maximum Emission Threshold
VoC: Voice of the Customer
VOD: Video On Demand
VoLTE: Voice over LTE (Long-Term Evolution)
VPN: Virtual Private Network
Vs: Versus
WDM: Wavelength Division Multiplexing

WEPs: Women's Empowerment Principles
XGS-PON: 10 Gbps Symmetrical Passive Optical Networks
YoY: Year over Year
URL: Uniform Resource Locator

6.5. External Verification Statement

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(Translation from the original Portuguese language. In case of doubt, the Portuguese version prevails)

Independent Limited Assurance Report

To the Board of Directors of
NOS, S.G.P.S.,S.A.

Scope

We have been engaged by NOS, S.G.P.S., S.A. ("NOS") to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, to report on the disclosures identified in the annex "6.1 GRI Content Table", which include the sustainability information included in the Integrated Management Report 2022 (the "Sustainability information"), for the year ended 31 December 2022.

Criteria applied

NOS prepared the Sustainability information in accordance with the sustainability reporting standards of the Global Reporting Initiative - GRI Standards and with the provisions of article 508.º-G of the Commercial Companies Code (*Código das Sociedades Comerciais*) and article 29.º-H, nº1, paragraph q) of the Securities Code (*Código dos Valores Mobiliários*) with respect to non-financial and diversity disclosures (together the "Criteria").

Responsibilities of the Management

NOS's management is responsible for selecting the Criteria, and for preparing the Sustainability information in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining an appropriate internal control system, maintaining adequate records and making estimates that are relevant to the preparation of the Sustainability information, such that it is free from material misstatement, whether due to fraud or error.

Responsibilities of the Auditor

Our responsibility is to examine the Sustainability information prepared by NOS and to issue a limited assurance report based on the evidence obtained.

Our engagement was conducted in accordance with the International Standards for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information - ISAE 3000 (Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and other technical standards and recommendations issued by the Portuguese Institute of Statutory Auditors (*Ordem dos Revisores Oficiais de Contas*). These standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Sustainability information is prepared in accordance with the Criteria.

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. In these circumstances, our independent review procedures comprised the following:

- Inquiries to management with the objective to understand the business context and the sustainability reporting process;
- Conducting interviews with personnel responsible for preparing the information in order to understand the processes for collecting, collating, reporting and validating of the Sustainability information for the reporting period;
- Conducting analytical review procedures to support the reasonableness of the data;

Sociedade Anónima - Capital Social 3.340.000 euros - Inscrição n.º 178 na Ordem dos Revisores Oficiais de Contas - Inscrição N.º 20161480 na Comissão do Mercado de Valores Mobiliários
Contribuinte N.º 505 988 283 - C. R. Comercial de Lisboa sob o mesmo número
A member firm of Ernst & Young Global Limited

- Execution, on a sample basis, of tests to the calculations carried out, as well as tests to prove the quantitative and qualitative information included in the report;
- Verification of the conformity of the Sustainability information with the results of our work and with the Criteria applied.

We consider that the evidence obtained is sufficient and appropriate to provide the basis for our conclusion.

Quality and Independence

We apply the International Standard on Quality Control 1 and, accordingly, maintain a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the *Ordem dos Revisores Oficiais de Contas*' Code of ethics and of the International Code of Ethics for Professional Accountants (including international independence standards) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentially and professional behavior.

Conclusion

Based on our work and evidence obtained, nothing has come to our attention that cause us to believe that the Sustainability information, for the year ended 31 December 2022, has not been prepared, in all material respects, in accordance with the Criteria.

Porto, 07 March 2023

Ernst & Young Audit & Associados - SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(signed)

Sandra e Sousa Amorim (ROC nº 1213)
Registered with the Portuguese Securities Market Commission under license nr. 20160824

02

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of the financial position

AT 31 DECEMBER 2021 AND 2022

(Amounts stated in thousands of euros)

	NOTES	31-12-2021	31-12-2022
ASSETS			
NON - CURRENT ASSETS:			
Tangible assets	8	1,041,100	1,107,052
Investment property		621	514
Intangible assets	9	1,205,031	1,209,558
Contract costs	10	162,118	160,594
Rights of use	11	236,063	297,723
Investments in jointly controlled companies and associated companies	12	18,091	38,961
Accounts receivable - other	13	5,914	4,758
Tax receivable	14	149	369
Other financial assets non-current	15	2,074	5,248
Deferred income tax assets	16	81,390	89,554
Derivative financial instruments	21	361	11,249
TOTAL NON - CURRENT ASSETS		**2,752,912**	**2,925,580**
CURRENT ASSETS:			
Inventories	17	44,014	67,223
Accounts receivable - trade	18	323,934	319,441
Contract assets	19	61,764	60,095
Accounts receivable - other	13	18,392	16,632
Tax receivable	14	2,538	6,906
Prepaid expenses	20	44,878	52,232
Derivative financial instruments	21	61	-
Cash and cash equivalents	22	10,902	15,215
TOTAL CURRENT ASSETS		**506,483**	**537,744**
TOTAL ASSETS		**3,259,395**	**3,463,324**

	NOTES	31-12-2021	31-12-2022
SHAREHOLDER'S EQUITY			
Share capital	23.1	5,152	855,168
Capital issued premium	23.2	854,219	4,202
Own shares	23.3	(12,353)	(15,968)
Legal reserve	23.4	1,030	1,030
Other reserves and accumulated earnings	23.4	(35,586)	(22,914)
Net Income		144,159	224,574
EQUITY BEFORE NON - CONTROLLING INTERESTS		**956,621**	**1,046,092**
Non-controlling interests	24	6,379	6,251
TOTAL EQUITY		**963,000**	**1,052,343**
LIABILITIES			
NON - CURRENT LIABILITIES:			
Borrowings	25	1,275,541	1,210,181
Provisions	26	82,516	81,267
Accounts payable - other	30	38,502	42,128
Accrued expenses	27	497	-
Deferred income	28	4,230	2,824
Deferred income tax liabilities	3.2 & 16	47,326	50,125
TOTAL NON - CURRENT LIABILITIES		**1,448,612**	**1,386,525**
CURRENT LIABILITIES:			
Borrowings	25	301,068	427,453
Accounts payable - trade	29	279,993	253,355
Accounts payable - other	30	35,639	53,789
Tax payable	3.2 & 14	19,359	38,842
Accrued expenses	27	175,784	212,430
Deferred income	28	35,603	38,190
Derivative financial instruments	21	337	397
TOTAL CURRENT LIABILITIES		**847,783**	**1,024,456**
TOTAL LIABILITIES		**2,296,395**	**2,410,981**
TOTAL LIABILITIES AND SHAREHOLDER´S EQUITY		**3,259,395**	**3,463,324**

The Notes to the Financial Statements form an integral part of the consolidated statement of financial position as at 31 December 2022.

The Chief Accountant

The Board of Directors

Consolidated statement of income by nature

FOR THE FINANCIAL YEARS ENDED ON 31 DECEMBER 2021 AND 2022

(Amounts stated in thousands of euros)

	NOTES	4º QUARTER21	12M 21	4º QUARTER 22	12M 22
REVENUES:					
Services rendered		336,097	1,295,248	350,298	1,362,741
Sales		42,295	109,186	38,319	128,044
Other operating revenues		6,990	25,865	8,892	30,222
	31	**385,382**	**1,430,299**	**397,509**	**1,521,007**
COSTS, LOSSES AND GAINS:					
Wages and salaries	32	20,956	82,036	22,861	85,898
Direct costs	33	91,261	339,179	99,072	345,019
Costs of products sold	34	39,851	99,075	34,710	114,562
Marketing and advertising		16,803	28,621	16,906	34,748
Support services	35	23,737	84,857	24,967	83,466
Supplies and external services	35	39,461	137,220	37,722	155,238
Other operating losses / (gains)		152	518	163	798
Taxes		7,663	31,153	8,178	34,985
Provisions and adjustments	36	5,262	9,679	1,991	15,233
Depreciation, amortisation and impairment losses	8,9,10,11 &38	106,663	419,467	135,331	480,887
Reestructuring costs	39	1,799	8,539	2,438	4,001
Losses / (gains) on sale of assets, net	8 & 9	261	19	(25,876)	(100,423)
Other losses / (gains) non recurrent net	40	388	1,279	(215)	(3,613)
		354,257	**1,241,642**	**358,248**	**1,250,799**
INCOME BEFORE LOSSES / (GAINS) PARTICIPATED COMPANIES, FINANCIAL RESULTS AND TAXES		**31,125**	**188,657**	**39,261**	**270,208**
Net losses / (gains) of affiliated companies	12 & 37	1,140	(3,601)	(5,148)	(22,123)
Financial costs	41	9,172	34,118	8,044	31,578
Net foreign exchange losses / (gains)		(26)	(631)	624	224
Net losses / (gains) on financial assets		3	12	6	103
Net other financial expenses / (income)	41	738	3,123	778	3,319
		11,027	**33,021**	**4,304**	**13,101**
INCOME BEFORE TAXES		**20,098**	**155,636**	**34,957**	**257,107**
Income taxes	16	(3,915)	11,783	1,687	32,663
NET CONSOLIDATED INCOME		**24,013**	**143,853**	**33,270**	**224,444**
ATTRIBUTABLE TO:					
NOS Group Shareholders		24,138	144,159	33,293	224,574
Non-controlling interests	24	(124)	(306)	(23)	(130)

EARNINGS PER SHARES					
Basic - euros	42	0.05	0.28	0.07	0.44
Diluted - euros	42	0.05	0.28	0.07	0.44

The Notes to the Financial Statements form an integral part of the consolidated statement of income by nature for the financial year ended on 31 December 2022.

The Chief Accountant **The Board of Directors**

Consolidated statement of comprehensive income

FOR THE FINANCIAL YEARS ENDED ON 31 DECEMBER 2021 AND 2022

(Amounts stated in thousands of euros)

	NOTES	4º QUARTER 21	12M 21	4º QUARTER 22	12M 22
NET CONSOLIDATED INCOME		**24.013**	**143.853**	**33.270**	**224.444**
OTHER INCOME					
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT:					
Accounting for equity method	12	791	2,341	(9,317)	(178)
Fair value of interest rate swap	21	10	40	1,310	10,957
Deferred income tax - interest rate swap	21	(3)	(9)	(294)	(2,465)
Fair value of equity swaps	21	(44)	390		186
Deferred income tax - equity swap	21	10	(88)		(42)
Fair value of exchange rate forward	21	89	317	(3,559)	(251)
Deferred income tax - exchange rate forward	21	(26)	(92)	1,028	72
Currency translation differences and others		445	411	805	698
INCOME RECOGNISED DIRECTLY IN EQUITY		**1,272**	**3,310**	**(10,027)**	**8,977**
TOTAL COMPREHENSIVE INCOME		**25,285**	**147,163**	**23,243**	**233,421**
ATTRIBUTABLE TO:					
NOS Group Shareholders		25,409	147,469	23,266	233,551
Non-controlling interests		(124)	(306)	(23)	(130)
		25,285	**147,163**	**23,243**	**233,421**

The Notes to the Financial Statements form an integral part of the consolidated statement of comprehensive income for the financial year ended on 31 December 2022.

The Chief Accountant

The Board of Directors

Consolidated statement of changes in shareholder's equity

FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2021 AND 2022

(Amounts stated in thousands of euros)

		ATTRIBUTABLE TO NOS GROUP SHAREHOLDERS							
	NOTES	SHARE CAPITAL	CAPITAL ISSUED PREMIUM	OWN SHARES	LEGAL RESERVE	OTHER RESERVES	NET INCOME	NON - CONTROLLING INTERESTS	TOTAL
BALANCE AS AT 1 JANUARY 2021		**5,152**	**854,219**	**(14,859)**	**1,030**	**12,007**	**92,000**	**6,685**	**956,234**
Result appropriation									
Transfers to reserves		-	-	-	-	92,000	(92,000)	-	-
Dividends paid	23.4	-	-	-	-	(142,376)	-	-	(142,376)
Aquisition of own shares	23.3	-	-	(2,069)	-	-	-	-	(2,069)
Distribution of own shares:									
Distribution of own shares - share incentive scheme	23.3	-	-	3,977	-	(3,977)	-	-	-
Distribuition of own shares - other remunerations	23.3	-	-	598	-	(138)	-	-	460
Share Plan - costs incurred in the period and others		-	-	-	-	3,588	-	-	3,588
Comprehensive Income		-	-	-	-	3,310	144,159	(306)	147,163
BALANCE AS AT 31 DECEMBER 2021		**5,152**	**854,219**	**(12,353)**	**1,030**	**(35,586)**	**144,159**	**6,379**	**963,000**
BALANCE AS AT 1 JANUARY 2022		**5,152**	**854,219**	**(12,353)**	**1,030**	**(35,586)**	**144,159**	**6,379**	**963,000**
Result appropriation									
Transfers to reserves		-	-	-	-	144,159	(144,159)	-	-
Dividends paid	23.4	-	-	-	-	(142,357)	-	-	(142,357)
Share capital increase by incorporation of share premium	23.2	850,016	(850,016)	-	-	-	-	-	-
Aquisition of own shares	23.3	-	-	(7,087)	-	-	-	-	(7,087)
Distribution of own shares:									
Distribution of own shares - share incentive scheme	23.3	-	-	3,186	-	(3,186)	-	-	-
Distribuition of own shares - other remunerations	23.3	-	-	286	-	(14)	-	-	272
Share Plan - costs incurred in the period and others	47	-	-	-	-	5,093	-	2	5,095
Comprehensive Income		-	-	-	-	8,977	224,574	(130)	233,421
Others		-	(1)	-	-	-	-	-	(1)
BALANCE AS AT 31 DECEMBER 2022		**855,168**	**4,202**	**(15,968)**	**1,030**	**(22,914)**	**224,574**	**6,251**	**1,052,343**

The Notes to the Financial Statements form an integral part of the consolidated statement of changes in shareholders' equity for the financial year ended on 31 December 2022.

The Chief Accountant

The Board of Directors

Consolidated statement of cashflows

FOR THE FINANCIAL YEARS ENDED ON 31 DECEMBER 2021 AND 2022

(Amounts stated in thousands of euros)

	NOTAS	12M 21	12M 22
OPERATING ACTIVITIES			
Collections from clients		1,642,771	1,805,986
Payments to suppliers		(820,060)	(953,908)
Payments to employees		(113,771)	(107,520)
Receipts / (Payments) relating to income taxes		(712)	(27,613)
Other cash receipts / (payments) related with operating activities		(2,090)	(74,523)
CASH FLOW FROM OPERATING ACTIVITIES (1)		**706,138**	**642,422**
INVESTING ACTIVITIES			
CASH RECEIPTS RESULTING FROM			
Financial investments	44.1	1,072	1,100
Tangible assets		1,976	136,317
Intangible assets		4	1
Interest and related income		3,718	5,839
		6,770	**143,257**
PAYMENTS RESULTING FROM			
Financial investments	44.2	(1,469)	(3,147)
Tangible assets		(271,223)	(226,574)
Intangible assets and contract costs		(406,079)	(244,377)
		(678,771)	**(474,098)**
CASH FLOW FROM INVESTING ACTIVITIES (2)		**(672,001)**	**(330,841)**
FINANCING ACTIVITIES			
CASH RECEIPTS RESULTING FROM			
Borrowings		288,000	478,693
		288,000	**478,693**
PAYMENTS RESULTING FROM			
Borrowings		(199,833)	(520,533)
Lease rentals (principal)		(78,270)	(79,877)
Interest and related expenses		(40,507)	(42,520)
Dividends	23.4	(142,376)	(142,357)
Aquisition of own shares	23.3	(2,069)	(7,087)
		(463,055)	**(792,374)**
CASH FLOW FROM FINANCING ACTIVITIES (3)		**(175,055)**	**(313,681)**
Change in cash and cash equivalents (4)=(1)+(2)+(3)	44.3	(140,918)	(2,100)
Effect of exchange differences		74	9
Cash and cash equivalents at the beginning of the year		151,015	10,170
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**22**	**10,171**	**8,079**

The Notes to the Financial Statements form an integral part of the consolidated statement of cash flows for the financial year ended on 31 December 2022.

The Chief Accountant

The Board of Directors

Notes to the consolidated financial statements

AS AT 31 DECENMBER 2022

(Amounts stated in thousands of euros, unless otherwise stated)

1. Introductory Note

NOS, SGPS, S.A. ("NOS", "NOS SGPS" or "Company"), formerly named ZON OPTIMUS, SGPS, S.A. ("ZON OPTIMUS") and until 27 August 2013, named ZON Multimédia – Serviços de Telecomunicações e Multimédia, SGPS, S.A. ("ZON"), with Company headquarters registered at Rua Actor António Silva, nº9, Campo Grande, was established by Portugal Telecom, SGPS, S.A. ("Portugal Telecom") on 15 July 1999 for the purpose of implementing its multimedia business strategy.

During the 2007 financial year, Portugal Telecom proceeded with the spin-off of ZON through the attribution of its participation in the company to their shareholders, which become fully independent from Portugal Telecom.

During the 2013 financial year, ZON and Optimus, SGPS, S.A. ("Optimus SGPS") have merged through the incorporation of Optimus SGPS into ZON. Thereafter, the Company adopted the designation of ZON OPTIMUS, SGPS, S.A..

On 20 June 2014, because of the launch of the new brand "NOS" on 16 May 2014, the General Meeting of Shareholders approved the change of the Company's name to NOS, SGPS, S.A..

The businesses operated by NOS and its associated companies, form the "NOS Group" or "Group", which includes cable and satellite television services, voice and Internet access services, video production and sale, advertising on Pay TV channels, cinema exhibition and distribution, the production of channels for Pay TV, management of datacenters and consulting services in IT, mainly in the Portuguese market.

NOS shares are listed on the Euronext Lisbon market. The shareholders' structure of the Group as at 31 December 2022 is shown in Note 0.

The business of NOS Comunicações, S.A. ("NOS SA") and its subsidiaries, NOS Technology, NOS Açores, NOS Madeira, NOS Wholesale and NOS Sistemas comprehends: a) cable and satellite television distribution; b) the operation of the latest generation mobile communication network, GSM/UMTS/LTE/5G; c) the operation of electronic communications services, including data and multimedia communication services in general; d) IP voice services ("VOIP" - Voice over IP); e) Mobile Virtual Network Operator ("MVNO"), f) the provision of consultancy and similar services directly or indirectly related to the above mentioned activities and services, and g) datacentre management and consulting services in IT. The business of these companies is regulated by Law no. 5/2004 (Electronic Communications Law), which establishes the legal regime governing electronic communications networks and services.

The main activity of NOS Audio – Sales and Distribution, S.A., previously designated NOS Lusomundo TV, S.A. and the result of the merger of NOSPUB with NOS Lusomundo TV on December 2020, is the negotiation, acquisition and distribution of content rights and other multimedia products to television and other platforms of distribution, currently producing films and series channels through the compilation of the acquired contents, which are distributed, among other operators, by NOS SA and its subsidiaries. This company also manages the advertising space on Pay TV channels and in the cinemas of NOS Cinemas.

NOS Audiovisuais and NOS Cinemas, together with their associated companies, operate in the audiovisual sector, which includes video production and sale, cinema exhibition and distribution, and the acquisition/negotiation of Pay TV and VOD (video-on-demand) rights.

NOS Inovação main activities are conducting and stimulating scientific activities of R&D (it owns all the intellectual property developed within the NOS Group, intending to guarantee the return of the initial investment through the commercialization of patents and concessions regarding commercial operation, as a result of the creation of new products and services), the demonstration, disclosure, technology and training transfers in the services and information management domains as well as fixed and mobile solutions of the latest generation of TV, internet, voice and data solutions.

These notes to the Financial Statements follow the order in which the items are shown in the consolidated financial statements.

The consolidated financial statements for the year ended on 31 December 2022 were approved by the Board of Directors and their issue authorised on 7 March 2023.

They are also subject to approval by the General Shareholders' Meeting, under the terms of commercial legislation in force in Portugal. The Board of Directors believes that these financial statements give a true and fair view of the Group's operations, financial performance, and consolidated cash flows.

2. Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are described below. These policies were consistently applied to all the financial years presented, unless otherwise stated.

2.1. PRINCIPLES OF PRESENTATION

The consolidated financial statements were prepared in accordance with IAS 34 Interim Financial Reporting ("IAS 34"). Therefore, these financial statements do not include all the information required by IFRS, so they must be read in conjunction with the consolidated financial statements for the year ended on 31 December 2022.

The consolidated financial statements are presented in euros as this is the main currency of the Group's operations and all amounts are presented in thousands of euros, except when referred to the financial statements of subsidiaries located abroad were converted into euros in accordance with the accounting policies described in Note 2.3.21.

The consolidated financial statements were prepared on a going concern basis from the ledgers and accounting records of the companies included in the consolidation (Annex A)), using the historical cost convention, adjusted when necessary for the valuation of financial assets and liabilities (including derivatives) at their fair value (Note 2.3.24).

In preparing the consolidated financial statements in accordance with IFRS, the Board used estimates, assumptions, and critical judgments with impact on the value of assets and liabilities and the recognition of income and costs in each reporting period. Although these estimates were based on the best information available at the date of preparation of the consolidated financial statements, current and future results may differ from these estimates. The areas involving a higher element of judgment and estimates are described in Note 3.

The Board of Directors is convinced that there are no material uncertainties that might question this assumption. An analysis was made that the Group has the necessary resources to continue its operations into the future, for a period of no less than 12 months from the reporting date.

In the preparation and presentation of the consolidated financial statements, the NOS Group declares that it complies explicitly and without reservation with IAS/IFRS reporting standards and related SIC/IFRIC interpretations as approved by the European Union.

Changes in accounting policies and disclosures

The following standards, interpretations, amendments and revisions adopted ("endorsed") by the European Union were mandatory for the first time on the financial year beginning 1 January 2022:

- Amendments to IFRS 3 – References to the Conceptual Framework for Financial Reporting. This amendment updates the references to the Framework in the text of IFRS 3, and no changes have been made to the accounting requirements for business combinations. It also clarifies the accounting treatment to be adopted regarding liabilities and contingent liabilities under IAS 37 and IFRIC 21, incurred separately versus those included in a business combination. The amendment is prospectively applicable.
- Amendments to IAS 16 – Proceeds before intended use. Clarifies the accounting treatment given to the consideration obtained from the sale of products, which results from the production in the testing phase of tangible fixed assets, prohibiting their deduction from the cost of asset acquisition. 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 fulfilling a contract. This amendment specifies that in assessing whether or not a contract is onerous, only expenses directly related to the performance of the contract, 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 tangible assets used to perform the contract, may be considered. 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 be applied to contracts that, at the beginning of the first annual reporting period to which the amendment is applied, still include unfulfilled contractual obligations, without restating 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 amendment clarifies that when a subsidiary opts to measure its assets and liabilities at the amounts included in the parent company's consolidated financial statements (assuming that no adjustment to the consolidation process has occurred), the measurement of cumulative translation differences can be made at the amounts that would be recorded in the consolidated financial statements, based on the parent company's date of transition to 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 amendment clarifies which fees an entity should include when assessing whether the terms

of a financial liability are substantially different from the terms of the original financial liability. Thus, in the scope of derecognition tests performed on renegotiated liabilities, only fees paid or received between the debtor and the creditor should be included, including fees paid or received by the debtor or the creditor on behalf of the other.

- Amendments to IAS 41 – Taxation in fair value measurements (included in the annual improvements for the 2018-2020 cycle). This amendment eliminates the requirement in paragraph 22 of IAS 41 to exclude cash flows related to income taxes in the fair value measurement of biological assets, ensuring consistency with the principles of IFRS 13.

- Amendments to IFRS 16 – Leases – COVID-19 related to leases beyond 30 June 2021. On 28 May 2020, the amendment to IFRS 16 entitled 'Covid19-related concessions' was issued and introduced the following practical expedient: a lessee may elect not to assess whether a Covid-19-related concession of rent is a lease modification. Lessees electing to apply this expedient account for the change to rental payments resulting from a Covid-19-related concession in the same way as they account for a change that is not a lease modification in accordance with IFRS 16. Initially, the practical expedient applied to payments originally due by 30 June 2021, however, due to the prolonged impact of the pandemic on 31 March 2021, it has been extended to payments originally due by 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. In short, the practical expedient can be applied provided the following criteria are met: i) the change in lease payments results in a revised consideration for the lease that is substantially the same as, or less than, the consideration immediately prior to the change; ii) any reduction in lease payments only affects payments due on or before 30 June 2022; and iii) there are no significant changes to other terms and conditions of the lease.

These standards and amendments had no material impacts on the consolidated financial statements of the Group, except for the amendment to IFRS 16 (Note 35).

The following standards, interpretations, amendments and revisions have been adopted ("endorsed") by the European Union, but only are mandatory in future financial years:

- IFRS 17 – Insurance Contracts. IFRS 17 applies to all insurance contracts (i.e. life, non-life, direct insurance and reinsurance) regardless of the type of entity that issues them, as well as some guarantees and some financial instruments with discretionary participation features. Overall, IFRS 17 provides an accounting model for insurance contracts that is more useful and more consistent for issuers. In contrast to the requirements of IFRS 4, which are based on previously adopted local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

- Amendments to IFRS 17 – Insurance contracts – Initial application of IFRS 17 and IFRS 9 – Comparative information. This amendment to IFRS 17 relates to the presentation of comparative information for financial assets in initial application of IFRS 17. The amendment adds a transition option that permits an entity to apply an 'overlay' in classifying a financial asset in the comparative period(s) presented in initial application of IFRS 17. The overlay permits all financial assets, including those held in relation to non-contractual activities within the scope of IFRS 17, to be classified, instrument by instrument, in the comparative period(s) in a manner aligned with how the entity expects those assets to be classified on initial application of IFRS 9.

- Amendments to IAS 1 – Disclosure of accounting policies. These amendments are intended to assist the entity in disclosing 'material' accounting policies, previously referred to as 'significant' policies. However, due to the absence of this concept in the IFRS standards, it was decided to replace it by the concept 'materiality', a concept already known to users of financial statements. In assessing the materiality of accounting policies, the entity has to consider not only the size of transactions but also other events or conditions and the nature of these.

- Amendments to IAS 8 - Definition of accounting estimates. The amendment clarifies the distinction between change in accounting estimate, change in accounting policy and correction of errors. In addition, it clarifies how an entity uses measurement techniques and inputs to develop accounting estimates.

- Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction. The amendment clarifies that payments that settle a liability are tax deductible, however it is a matter of professional judgement whether such deductions are attributable to the liability that is recognised in the financial statements or the related asset. This judgment is important in determining whether there are temporary differences in the initial recognition of the asset or liability. Thus, the initial recognition exception is not applicable to transactions that gave rise to equal taxable and deductible temporary differences. It is only applicable if the recognition of a leasing asset and a leasing liability gives rise to taxable and deductible temporary differences that are not equal.

The Group did not apply any of these standards in advance in the financial statements in financial year on 31 December 2022. No significant impacts on the financial statements resulting from their adoption are estimated.

The following standards, interpretations, amendments and revisions, with mandatory application in future financial years, have not been endorsed by the European Union, until the date of approval of these financial statements:

- Amendments to IAS 1 – Disclosure of accounting policies. Classification of current and non-current liabilities. This amendment intends to clarify the classification of liabilities as current or non-current balances depending on the rights that an entity has to defer its payment, at the end of each reporting period. The classification of liabilities is not affected by the entity's expectations (the assessment should determine whether a right exists, but should not consider whether the entity will or will not exercise that right), or by events that occur after the reporting date, such as non-compliance with a covenant. However, if the right to defer settlement for at least twelve months is subject to the fulfilment of certain conditions after the reporting date, those criteria do not affect the right to defer settlement for the purpose of classifying a liability as current or non-current. This amendment also includes a new definition of "settlement" of a liability and is applicable retrospectively.
- Amendments to IFRS 16 – Leasings - Responsibility of a lease in a sale and leaseback transaction. This amendment specifies the requirements regarding the subsequent measurement of lease liabilities, related to sale and leaseback transactions that qualify as "sale" in accordance with the principles of IFRS 15, focusing on variable lease payments that do not depend on an index or rate. In subsequently measuring lease liabilities, seller-lessees shall determine "lease payments" and "revised lease payments" in a manner that does not recognise any gain or loss related to the retained right-of-use. Applying these requirements does not prevent a seller-lessee from recognising, in the income statement, any gain or loss relating to the partial or total "sale" as required by paragraph 46(a) of IFRS 16. This amendment is retrospective.

The Group did not apply any of these standards in advance in the financial statements in financial year ended on 31 December 2022. No significant impacts on the financial statements resulting from their adoption are estimated.

Disclosure change

In the financial year ended on 31 December 2022, the Group changed the presentation of costs related to the rental of ducts and poles and network circuits, in the amount of 36.3 million euros, from Direct costs to Supplies and external services, in line with how the group's financial performance is analyzed internally. The amounts for the financial year ended on 31 December 2021 were restated, ensuring comparability.

2.2. BASES OF CONSOLIDATION

Controlled companies

Controlled companies were consolidated by the full consolidation method. Control is deemed to exist when the Group is exposed or has rights, because of their involvement, to a variable return of the entity's activities, and has capacity to affect this return through the power over the entity. Namely, when the Company directly or indirectly holds a majority of the voting rights at a General Meeting of Shareholders or has the power to determine the financial and operating policies. In situations where the Company has, in substance, control of other entities created for a specific purpose, although it does not directly hold equity in them, such entities are consolidated by the full consolidation method. The entities in these situations are listed in Annex A).

The interest of third parties in the equity and net profit of such companies' income presented separately in the consolidated statement of financial position and in the consolidated statement, respectively, under the item "Non-controlling Interests" (Note 24).

The identifiable acquired assets and the liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the acquisition date, irrespective of the existence of non-controlled interests. The excess of acquisition cost over the fair value of the Group's share of identifiable acquired assets and liabilities is stated in Goodwill. When the acquisition cost is less than the fair value of the identified net assets, the difference is recorded as a gain in the income statement in the period in which the acquisition occurs.

The non-controlling interests are initially recognized as their proportion of the fair value of the identifiable assets and liabilities.

On the acquisition of additional equity shares in companies already controlled by the Group, the difference between the share of capital acquired and the corresponding acquisition value is recognized directly in equity.

When an increase in position in the capital of an associated company results in the acquisition of control, with the latter being included in the consolidated financial statements by the full consolidation method, the share of the fair values assigned to the assets and liabilities, corresponding to the percentages previously held, is stated in the income statement.

The directly attributable transaction costs are recognized immediately in profit or loss.

When the Group loses control over a controlled entity, the assets and liabilities of that entity, and any non-controlling interests and other components recognised in equity, are derecognised. Any resulting

gain or loss is recognised in the income statement. Any interest retained in the entity is measured at fair value when control is lost.

Intercompany transactions, balances, unrealized gains on transactions and dividends distributed between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction shows evidence of impairment of the transferred asset.

When necessary, adjustments are made to the financial statements of controlled companies in order to align their accounting policies with those of the Group.

Jointly controlled companies

The classification of investments as jointly controlled companies is determined based on the existence of shareholder agreements, which show and regulate the joint control. Financial investments of jointly controlled companies (Annex C)) are stated by the equity method. Under this method, financial investments are adjusted periodically by an amount corresponding to the share in the net profits of jointly controlled companies, as a contra entry in "Losses / (gains) of affiliated companies" in the income statement before financial results and taxes. Direct changes in the post-acquisition equity of jointly controlled companies are recognized as the value of the shareholding as a contra entry in reserves, in equity.

Additionally, financial investments may also be adjusted for recognition of impairment losses.

Any excess of acquisition cost over the fair value of identifiable net assets and liabilities (goodwill) is recorded as part of the financial investment of jointly controlled companies and subject to impairment testing when there are indicators of loss of value. When the acquisition cost is less than the fair value of the identified net assets, the difference is recorded as a gain in the income statement in the period in which the acquisition occurs.

Losses in jointly controlled companies, which exceed the investment made in them, are not recognized, except when the Group has entered into undertakings with that entity.

Dividends received from these companies are recorded as a reduction in the value of the financial investments.

Associated companies

An associated company is a company in which the Group exercises significant influence through participation in decisions about its financial and operating policies, but in which does not have control or joint control.

Any excess of the acquisition cost of a financial investment over the fair value of the identifiable net assets is recorded as goodwill and is added to the value of the financial investment and its recovery is reviewed annually or whenever there are indications of possible loss of value. When the acquisition cost is less than the fair value of the identified net assets, the difference is recorded as a gain in the statement of comprehensive income in the period in which the acquisition occurs.

Financial investments in associated companies (Annex B)) are stated by the equity method. Under this method, financial investments are adjusted periodically by an amount corresponding to the share in the net profits of associated companies, as a contra entry in "Losses / (gains) of affiliated companies" in the income statement. Direct changes in the post-acquisition equity of associated companies are recognized as the value of the shareholding as a contra entry in reserves, in equity. Additionally, financial investments may also be adjusted for recognition of impairment losses.

Losses in associated companies, which exceed the investment made in them, are not recognized, except when the Group has entered undertakings with that associated company.

Dividends received from these companies are recorded as a reduction in the value of the financial investments.

Holdings in entities without significant influence

Investments made by the Group in entities where it does not have significant influence are initially recorded at cost and subsequently measured at fair value through profit or loss.

These investments are presented under "Other financial assets non-current" in the statement of financial position and changes in fair value are recorded against "Net losses / (gains) of affiliated companies" in the income statement.

Balances and transactions between group companies

Balances and transactions as well as unrealized gains between Group companies, and between them and the parent company, are eliminated in the consolidation.

The part of unrealized gains arising from transactions with associated companies or jointly controlled companies attributable to the Group is eliminated in the consolidation. Unrealized losses are similarly eliminated except when they show evidence of impairment of the transferred asset.

2.3. ACCOUNTING POLICIES

2.3.1. SEGMENT REPORTING

As stipulated in IFRS 8, the Group presents operating segments based on internally produced management information (Note 6).

Operating segments are reported consistently with the internal management information model provided to the chief operating decision maker of the Group, who is responsible for allocating resources to the segment and for assessing its performance, and for taking strategic decisions.

2.3.2. CLASSIFICATION OF THE STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT

The Group presents assets and liabilities in the financial statements based in the current and non-current classification. An asset is classified as current when:

- The asset is expected to be realized, sold or consumed in its normal operational cycle;
- If the asset is held, essentially, for negotiation purposes;
- The asset is expected to be realized 12 months after reported;
- The asset is a cash or a cash equivalent, unless its trade or use is limited to settle a liability during, at least, 12 months after reporting.

A liability is classified as current when:

- The liability is expected to be settled in its normal operational cycle;
- The liability is held, essentially, for negotiation purposes;
- The liability is expected to be settled in a 12 month period after reported;
- There is no unconditional right to differ the liability settlement during, at least, 12 months after reported;

The remaining assets and liabilities of the Group are classified as non-current.

Realizable assets and liabilities due in less than one year from the date of the statement of financial position are classified as current in assets and liabilities, respectively.

In accordance with IAS 1, "Integration costs", "Losses / (gains) on disposal of assets" and "Other non-recurring costs / (gains)"reflect unusual costs and revenues, that should be disclosed separately from the usual cost and revenues lines, in order to avoid distortion of the financial information from regular operations, and be consistent with the way the group's financial performance is analyzed and monitored by management. These unusual costs and revenues may not be comparable to similarly titled measures used by other companies. When determining whether an event or transaction is unusual, management considers both quantitative and qualitative factors. Examples of unusual costs and revenues are: business restructuring programs and respective compensation; regulatory affairs and lawsuits; extraordinary impairment of assets due to the reduction of their recoverable amount, sale of non current assets, among others. If costs and revenues meet these criteria, which are applied consistently from year to year, they are treated as unusual and presented in the specific lines above.

2.3.3. TANGIBLE ASSETS

Tangible assets are stated at acquisition cost, less accumulated depreciation and impairment losses, when applicable. Acquisition cost includes, in addition to the purchase price of the asset: (i) costs directly attributable to the purchase; and (ii) the estimated costs of decommissioning and removal of the assets and restoration of the site, which in Group applies to the cinema operation business, telecommunication towers and offices (Note 7).

Estimated losses resulting from the replacement of equipment before the end of its useful life due to technological obsolescence are recognized by a deduction, from the corresponding asset as a contra entry in profit and loss. The costs of current maintenance and repairs are recognized as a cost when they are incurred. Significant costs incurred on renovations or improvements to the asset are capitalized and depreciated over the corresponding estimated payback period when it is probable that there will be future economic benefits associated with the asset and when these can be measured reliably.

The gains and losses from the disposal of tangible assets, determined by the difference between the sale value and the net book value, are recognized in the item "Losses/ (gains) on disposal of assets".

Depreciation

Tangible assets are depreciated from the time they are completed or ready to be used. These assets, less their residual value, are depreciated by the straight-line method, in twelfths, from the month in which they become available for use, according to the useful life of the assets defined as their estimated utility.

The depreciation rates used correspond to the following estimated useful lives:

	2021 (YEARS)	2022 (YEARS)
Buildings and other constructions	2 - 50	2 - 50
Technical equipment:		
Network Installations and equipment	7 - 40	7 - 40
Terminal equipment	2 - 8	1 - 5
Other technical equipment	1 - 16	1 - 16
Transportation equipment	3 - 4	3 - 4
Administrative equipment	2 - 10	2 - 10
Other tangible assets	4 - 8	4 - 8

During the financial year ended on 31 December 2022, NOS reviewed the depreciations rates (reduced the estimated useful lives) of terminal equipment installed in costumer's homes, resulting from the acceleration of the pace of technological innovation, leading to an increase in the depreciation, amortisation and impairment losses amounting to 15 million euros (Note 38).

2.3.4. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The non-current assets (or discontinued operations) are classified as held for sale if the respective value is realizable through a sale transaction instead of its continued use.

This situation is considered to happen only when: i) the sale is very likely to happen and the asset is immediately available to be sold in its current conditions, ii) the Company made the commitment to sell, and iii) the sale is expected to take place in a period of 12 months. In this case, the non-current assets are measured by the lower amount between accounting value or the respective fair value deducted from the costs of the sale.

The non-current assets held for sale and discontinued operations are measured at the lower of two: i) the accounting value and, ii) the fair value deducted from the costs of the sale. The costs of the sale are the incremental costs directly assigned to the disposal of the asset (or group to be disposed), excluding financial costs and income tax expenses.

From the moment that tangible assets are considered to be "held for sale" the inherent depreciation of those assets ceases, and the assets are determined as non-current asset held for sale.

A discontinued operation unit is a component of and entity that was disposed or is classified as held for sale and:

- Represents an important line of business or geographical area separated from the operational units;
- It is an integrant part of a single coordinated plan to dispose an important line of business or geographical area separated from the operational units or;
- It is a subsidiary acquired exclusively for resale.

Discontinued operations are excluded from the continued operations results and are presented in separate as an amount of net income after taxes from discontinued operations on the financial statement of income by nature.

2.3.5. INTANGIBLE ASSETS

Intangible assets are stated at acquisition cost, less accumulated amortization and impairment losses, when applicable. Recognized only when they generate future economic benefits for the Group and when they can be measured reliably.

Intangible assets consist mainly of goodwill, telecom and software licenses, content utilization rights and other contractual rights.

Group companies periodically carry out an impairment assessment of intangible assets in-progress. This impairment assessment is also carried out whenever events or changes in circumstances indicate that the amount at which the asset is recorded may not be recoverable. When such indications exist, the Group calculates the recoverable value of the asset in order to determine the existence and extent of the impairment loss.

Goodwill

Goodwill represents the excess of acquisition cost over the net fair value of the assets, liabilities, and contingent liabilities of a subsidiary, jointly controlled company or associated company at the acquisition date, in accordance with IFRS 3.

Goodwill is recorded as an asset and included in "Intangible assets" (Note 9) in the case of a controlled company or in the case in which the excess of cost has been originated by a merger, and in "Financial investments in group companies" (Note 12) in the case of a jointly controlled company or an associated company.

Goodwill is not amortised and is subject to impairment tests at least once a year, on a specified date, and whenever there are changes in the test's underlying assumptions at the date of the statement of financial position which may result in a possible loss of value. Any impairment loss is recorded immediately in the income statement in "Impairment losses" and is not liable to subsequent reversal.

For the purposes of impairment tests, goodwill is attributed to the cash-generating units to which it is related (Note 9), which may correspond to the business segments in which the Group operates, or a lower level.

Internally generated intangible assets

Internally generated intangible assets, including expenditure on research, are expensed when they are incurred. Research and development costs are only recognized as assets when the technical capability to complete the intangible asset is demonstrated and when it is available for use or sale.

Industrial property and other rights

Assets classified under this item relate to the rights and licenses acquired under contract by the Group to third parties and used in realizing the Group's activities, and include:

- Telecom licenses;
- Software licenses;
- Content utilization rights;
- Other contractual rights.

The content exploration rights are recorded in the consolidated statement of financial position, as intangible assets, when the following conditions are fulfilled: (i) there is control over the content, (ii) the Company has the right to choose the way to explore the content, and (iii) it is available for exhibition.

The conclusion of contracts relating to sports contents, which are not immediately available, originates rights that are initially classified as contractual commitments.

In the specific case of broadcasting rights of sports competitions, these are recognized as assets when the necessary conditions to organize each sports competition are present, which occurs in the homologation date of the participating teams in the competition that is being held in the sports season to be initiated, by the organizing entity, taking into consideration that it is from that date that the conditions for the recognition of an asset are present, namely, the unequivocal attainment of the exploration rights of the games of the stated season. In this situation, the stated rights are recognized in the income statement in "Depreciation, amortization, and impairment losses", by the linear method, by twelfths, starting from the beginning of the month in which they are available for use.

Resulting from agreements concluded for the cession of the exclusive rights to exploit sports content, and as it is permitted by IAS 1, since 2017, NOS presents the net assets and liabilities of the values ceded to other operators, considering that this compensation best reflects the substance of the transactions.

When the recognized intangible assets involve payments in periods above 1 year, the intangible asset corresponds to the present value of those payments.

Amortization

The useful lives of the intangible assets are classified as finite or indefinite.

Intangible assets with finite useful lives are amortised over their useful lives, with an impairment analysis carried out whenever there are indications that the amount at which the intangible asset is mentioned in the financial statements may not be recovered. The amortization period and the amortization method of an intangible asset with a finite useful life are reviewed periodically. Any changes in the expected useful life or in the expected pattern of future consumption of the economic benefits incorporated in the asset, are considered in the modification over the period or method of amortization and, if verified, are treated as changes in accounting estimates. The amortization costs of intangible assets with finite lives are recognized in the income statement.

The assets with finite useful life are amortised by the straight-line method, in twelfths, from the beginning of the month in which they become available for use.

The amortization rates used correspond to the following estimated useful lives:

	2021 (YEARS)	2022 (YEARS)
Telecom licences	20 - 33	20 - 33
Software licences	1 - 8	1 - 8
Content utilization rights	Period of the contract	Period of the contract
Other	1 to 20	1 to 20

The intangible assets with indefinite useful lives are not amortised, and impairment assessments are performed annually.

Accordingly, the useful life of an intangible asset that is not being amortised is periodically reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If not, the change in the assessment of the useful life from indefinite to finite is accounted for as a change in an accounting estimate.

An intangible asset is unrecognized in its disposal moment, or when no future economic benefits from its use or disposal are expected. The gain or loss related with an unrecognized intangible asset (determined as the difference between the net income of its disposal, if there is any, and the carrying amount of that same asset) is recognised in the financial statement of income by nature.

2.3.6. CONTRACT COSTS

This item corresponds to costs incurred in attracting customers and costs associated with fulfilling a contract that are capitalized whenever they meet all of the following criteria:

- they are related to an existing contract or a specific future contract;
- generate or increase resources that will be used in the future;
- costs are expected to be recovered; and
- they are not already covered by the scope of another standard, such as inventories, tangible or intangible assets.

These costs are recognized for the period expected to fulfill the contract (2 to 4 years).

The costs of attracting customers are essentially:

- Commissions paid to third parties with the acquisition of new contracts / new customers;
- Commissions paid to third parties for upgrading the services provided;
- Commissions paid to third parties for renewal of loyalty of services and offers to customers; and
- Several commissions with revenue collection.

The costs associated with fulfilling the contracts are essentially:

- Costs incurred with the portability of mobile / fixed numbers of other operators;
- Variable costs, variables, incurred with the activation of services contracted by customers.

2.3.7. IMPAIRMENT OF NON-CURRENT ASSETS, EXCLUDING GOODWILL

Group companies periodically carry out an impairment assessment of non-current assets. This impairment assessment is also carried out whenever events or changes in circumstances indicate that the amount at which the asset is recorded may not be recoverable. When such indications exist, the Group calculates the recoverable value of the asset to determine the existence and extent of the impairment loss.

The recoverable value is estimated for each asset individually or, if that is not possible, assets are grouped at the lowest levels for which there are identifiable cash flows to the cash-generating unit to which the asset belongs. Each of the Group's businesses is a cash-generating unit, except for the assets allocated to the cinema exhibition business, which are grouped into regional cash-generating units.

The recoverable amount is calculated as the higher of the net sale price and the current use value. The net sale price is the amount that would be obtained from the sale of the asset in a transaction between independent and knowledgeable entities, less the costs directly attributable to the sale. The current use value is the current value of the estimated future cash flows resulting from continued use of the asset or of the cash-generating unit. When the amount at which the asset is recorded exceeds its recoverable value, it is recognised as an impairment loss.

The reversal of impairment losses recognised in previous years is recorded when there are indications that these losses no longer exist or have decreased. The reversal of impairment losses is recognised in

the statement of comprehensive income in the year in which it occurs. However, an impairment loss can only be reversed up to the amount that would be recognised (net of amortization or depreciation) if no impairment loss had been recorded in previous years.

2.3.8. FINANCIAL ASSETS

Financial assets are recognised in the statement of financial position of the Group on the trade or contract date, which is the date on which the Group undertakes to purchase or sell the asset.

Initially, apart from commercial accounts receivable, financial assets are recognised at fair value plus directly attributable transaction costs, except for assets at fair value through income in which transaction costs are immediately recognised in income. Trade accounts receivable, at the initial time, are recognised at their transaction price, as defined in IFRS 15.

The financial assets are derecognised when:

- the Group's contractual rights to receive their cash flows expire;
- the Group has substantially transferred all the risks and benefits associated with their ownership; or
- although it retains part but not substantially all of the risks and benefits associated with their ownership, the Group has transferred control of the assets.

The financial assets and liabilities are offset and shown as a net value when, and only when, the Group has the right to offset the recognised amounts and intends to settle for the net value.

The Group classifies its financial assets into the following categories: financial assets at fair value through profit or loss, financial assets measured at amortised cost, financial assets at fair value through other comprehensive income. Its classification depends on the entity's business model to manage the financial assets and the contractual characteristics in terms of the cash flows of the financial asset.

Financial assets at fair value through profit and loss

This category includes financial derivatives and equity instruments that the Group has not classified as financial assets through other comprehensive income at the time of initial recognition. This category also includes all financial instruments whose contractual cash flows are not exclusively capital and interest.

Financial assets at fair value through results are presented in the financial statements at fair value, the net changes being known in the income statement. This category of assets includes derivative instruments and investments in listed companies for which the Company has not classified them as financial assets at fair value through other comprehensive income. Dividends from investments in listed companies are recognised as income in the income statement when the respective right of receipt is formalized.

Gains and losses resulting from changes in the fair value of assets measured at fair value through profit or loss are recognised in results in the year in which they occur under "Losses / (gains) on financial assets", including the income from interest and dividends.

Financial assets at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are those that are part of a business model whose objective is achieved through the collection of contractual cash flows and the sale of financial assets, being that these contractual cash flows are only capital and interest reimbursement on the capital in debt.

Financial assets measured at amortised cost

Financial assets measured at amortised cost are those that are included in a business model whose purpose is to hold financial assets in order to receive the contractual cashflows, being that these contractual cash flows are only capital reimbursement and interest payments on the capital in debt.

Financial assets measured at amortised cost are subsequently measured using the effective tax rate method and subject to impairment. Income and costs are recognised in the income statement when the asset is derecognised, updated or an impairment is recognised over it. Financial assets measured at the Company's amortised cost include accounts receivable and loans granted to related parties.

Cash and cash equivalents

The amounts included in "Cash and cash equivalents" correspond to the amounts of cash, bank deposits, term deposits and other investments with maturities of less than three months which may be immediately realizable and with a negligible risk of change of value.

For the purposes of the statement of cash flows, "Cash and cash equivalents" also includes bank overdrafts included in the statement of financial position under "Borrowings" (when applicable).

2.3.9. FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial liabilities and equity instruments are classified according to their contractual substance irrespective of their legal form. Equity instruments are contracts that show a residual interest in the Group's assets after deducting the liabilities. The equity instruments issued by Group companies are recorded at the amount received, net of the costs incurred in their issue. Financial liabilities are recognised only when extinguished, i.e. when the obligation is settled, cancelled, or extinguished.

In accordance with IFRS 9, financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss. These liabilities, including derivatives that are liabilities, should subsequently be measured at fair value;
- Financial liabilities that arise when a transfer of a financial asset does not meet the conditions for derecognition or when it is applied the continued involvement approach;
- Financial guarantee contracts;
- The commitments to grant a loan at a lower interest rate than the market;
- The recognised contingent consideration by a buyer in a concentration of business activities to which IFRS 3 applies. Such contingent consideration shall be subsequently measured at fair value, with changes recognised in profit or loss.

Financial liabilities of the Group include borrowings, accounts payable and derivative financial instruments.

2.3.10. IMPAIRMENT OF FINANCIAL ASSETS

At the date of each financial position statement, the Group analyses and recognizes expected losses on its debt securities, loans and accounts receivable. The expected loss results from the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original effective interest rate.

The objective of this impairment policy is to recognize expected credit losses over the respective duration of financial instruments that have undergone significant increases in credit risk since initial recognition, assessed on an individual or collective basis, considering all reasonable and sustainable information, including prospects. If, at the reporting date, the credit risk associated with a financial instrument has not increased significantly since the initial recognition, the Group measures the provision for losses relating to that financial instrument by an amount equivalent to the expected credit losses within a period of 12 months.

For receivables and assets resulting from contracts under IFRS 15, the Group adopts the simplified approach when calculating expected credit losses. As a result, the Group does not monitor changes in credit risk, recognizing instead impairment losses based on the expected credit loss on each reporting date. The Group established a provisions' matrix where it presents an impairment loss criterion based on the history of credit losses, adjusted by specific prospective factors for the clients and the economic environment.

2.3.11. DERIVATIVE FINANCIAL INSTRUMENTS

Initial and subsequent recognition

The Group uses derivative financial instruments, such as exchange rate forward contracts, interest rate swaps, to cover its exchange rate risks, interest, respectively. Such derivative financial instruments are initially recorded at fair value on the date the derivative is contracted and are subsequently measured at fair value. Derivatives are presented in assets when their fair value is positive and in liabilities when their fair value is negative.

In terms of hedge accounting, hedges are classified as:

- Fair value hedge when the purpose is to hedge the exposure to fair value changes of a registered asset or liability or an unregistered Groups' commitment;
- Cash flow hedge when the purpose is to hedge the exposure to cash flow variability arising from a specific risk associated with the whole or a component of a registered asset or liability or an anticipated highly probable occurrence or exchange risk associated with an unregistered Groups' commitment;
- Coverage of a net investment in a foreign operational unit.

NOS Group uses derivative financial instruments with fair value and cash flow hedges.

At the beginning of the hedge relationship, the Group formally designates and documents the hedging relationship for which hedge accounting is intended to apply as well as the management and strategy purpose of such hedge.

The documentation includes the identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess whether the hedging

relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all the following effectiveness requirements:

- There is an economic relationship' between the hedged item and the hedging instrument;
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group hedges and the quantity of the hedging instrument that the Group actually uses to hedges that quantity of hedged item.

Hedges that meet all the quantifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward contracts of:

- currency contracts for its exposure to foreign currency risk in forecast transactions and firm commitments;
- interest rates to cover the risk of volatility of the interest rates;
- own shares contracts for its exposure to volatility in own shares to be distributed within the scope of share incentive scheme.

The ineffective portion relating to foreign currency contracts is recognised as "Net foreign exchange losses/(gains)", the ineffective portion relating to interest rates is recognised as "Financial costs" and the ineffective portion relating to own shares contracts is recognised as "Wages and salaries".

On the financial year ended on 31 December 2022, the Group did not change the recognition method.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a Group's commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

2.3.12. INVENTORIES

Inventories, which mainly include mobile phones, customer terminal equipment, DVDs, and content broadcasting rights, are valued at the lower of their cost or net realizable value.

The acquisition cost includes the invoice price, freight, and insurance costs, using the Weighted Average Cost as the method of costing goods sold.

Inventories are adjusted for technological obsolescence, as well as for the difference between the purchase cost and the net realizable value, whichever is the lower, and this reduction is recognised directly in the income statement.

The net realizable value corresponds to the normal sale price less restocking costs and selling costs.

The differences between the cost and the corresponding net realizable value of inventories, when this is less than the cost, are recorded as operating costs in "Cost of goods sold".

Inventories in transit, since they are not available for consumption or sale, are separated out from other inventories and are valued at their specific acquisition cost.

The signing of contracts related with sports content originates rights that are initially classified as contractual commitments.

The content broadcasting rights are recorded in the consolidated statement of financial position, as Inventories, in the event of the nonexistence of full right over the way of exploration of the asset, by the respective value of cost or net realizable value, whenever it is lower, when programmatic content has been received and is available for exhibition or use, according to contractual conditions, without any production or change, given that the necessary conditions for the organization of each sports competition are present, which occurs in the homologation date of the participating teams in the competition that is being held in the sports season to be initiated, by the organizing entity. The stated rights are recognised in the income statement in "Direct costs: Exhibition costs", on a systematic basis given the pattern of economic benefits obtained through their commercial exploration. No balances of content rights are registered in the Inventories caption.

Due to the agreement between the three national operators of reciprocal availability, for several sports seasons (collaborative arrangement), of sports content (national and international) owned by them, (Note 43.2), NOS considered the recognition of the costs, excluding those divided by the remaining operators, on a systematic basis, given the pattern of economic benefits obtained through their commercial exploration.

2.3.13. SUBSIDIES

Subsidies are recognised at their fair value when there is a reasonable assurance that they will be received and Group companies will meet the requirements for their award.

Operating subsidies, mainly for employee training, are recognised in the statement of comprehensive income by deduction from the corresponding costs incurred.

Investment subsidies are recognised in the statement of financial position as deferred income.

If the subsidy is considered as deferred income, it is recognised as income on a systematic and rational basis during the useful life of the asset.

2.3.14. PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised when:

- there is a present obligation arising from past events and it is likely that in settling that obligation, the expenditure of internal resources will be necessary; and
- the amount or value of such obligation can be reasonably estimated.

When one of the above conditions is not met, the Group discloses the events as a contingent liability unless the likelihood of an outflow of funds resulting from this contingency is remote, in which case they are not disclosed.

Provisions for legal procedures taking place against the Group are made in accordance with the risk assessments carried out by the Group and by their legal advisers, based on success rates.

Provisions for restructuring are only recognised when the Group has a detailed, formal plan, which identify the main features of the restructuring program, and after these facts have been reported to the entities involved.

Provisions for dismantling costs, removal of assets and restoration of the site are recognised when the assets are installed, in line with the best estimates available at that date. The amount of the provisioned liability reflects the effects of the passage of time and the corresponding financial indexing is recognised in results as a financial cost.

Obligations arising from onerous contracts are recorded and measured as provisions. An onerous contract exists when the Company is an integral part of a contract, whose compliance has associated

costs directly associated with the contract (both incremental costs and an allocation of costs directly related to the contract) that exceed future economic benefits.

Provisions for potential future operating losses are not covered.

Contingent liabilities are not recognised in the financial statements, unless the exception provided under IFRS 3 business combination, and are disclosed whenever there is a good chance to shed resources including economic benefits. Contingent assets are not recognised in the financial statements, being disclosed when there is a likelihood of a future influx of financial resources.

Provisions are reviewed and brought up to date at the date of the statement of financial position to reflect the best estimate at that time of the obligation concerned.

2.3.15. RIGHTS OF USE AND LEASES

A lease is defined as a contract, or part of a contract, that transfers the right to use a good (the underlying asset) for a period in exchange for a value.

At the beginning of each contract, it is evaluated and identified if it is or contains a lease. This assessment involves an exercise of judgement as to whether each contract depends on a specific asset if NOS obtains substantially all the economic benefits from the use of that asset and whether NOS has the right to control the use of the asset.

All contracts that constitute a lease are accounted for based on the on-balance model in a similar way with the treatment that IAS 17 establishes for financial leases.

At the commencement date of the lease, NOS recognises the liability related to lease payments (lease liability) and the asset representing the right to use the underlying asset during the lease period (the right of use or "ROU").

The cost of interest on the lease liability and the depreciation of the ROU are recognised separately.

Lease liability is remeasured at the occurrence of certain events (such as a change in the lease period, a change in future payments that result from a change in the reference rate or rate used to determine such payments). This remeasurement of the lease liability is recognised as an adjustment in the ROU.

The estimated costs of dismantling, removal of assets and restoration of the site related with leases are recognised in tangible assets with works carried out (Note 2.3.3).

2.3.15.1. RIGHTS OF USE OF ASSETS

The Group recognizes the right to use the assets at the start date of the lease (that is, the date on which the underlying asset is available for use).

The right to use the assets is recorded at acquisition cost, deducted from accumulated depreciation and impairment losses and adjusted for any new measurement of lease liabilities. The cost of the ROU of the assets includes the recognised amount of the lease liability, any direct costs incurred initially, and payments already made prior to the initial rental date, less any incentives received.

Unless it is reasonably certain that the Group obtains ownership of the leased asset at the end of the lease term, the recognised right of use of the assets is depreciated on a straight-line basis over the shorter of its estimated useful life and the term of the lease.

Rights of use are subject to impairment.

The rights of used of assets are depreciated using the straight-line method by the shortest period between length of the contract and its expected useful life.

If at the end of the leasing contract the asset is transferred to the company, or if the cost reflects the possibility of exercising the call option, the depreciation is calculated according to the estimated useful life of the asset.

2.3.15.2. LIABILITIES WITH LEASES

At the start date of the lease, the Group recognizes the liabilities measured at the present value of the future payments to be made until the end of the lease.

Lease payments include fixed payments (including fixed payments on the substance), deducted of any incentives to be received, variable payments, dependent on an index or rate, and expected amounts to be paid under residual value guarantees. The lease payments also include the exercise price of a call option if it is reasonably certain that the Group will exercise the option, and penalties for termination of the lease if it is reasonably certain that the Group will terminate the lease.

Variable payments that do not depend on an index or a rate are recognised as an expense in the period in which the event giving rise to them occurs.

To calculate the present value of the lease payments, the Group uses the incremental loan rate at the start date of the lease if the implied interest rate is not readily determinable.

After the start date of the lease, the value of the lease liability is increased to reflect the increase in interest and reduces by the payments made. In addition, the book value of the lease liability is remeasured if there is a change, such as a change in the lease term, fixed payments or the purchase decision of the underlying asset.

2.3.16. INCOME TAX

NOS is covered by the special tax regime for groups of companies, which covers all the companies in which it directly or indirectly owns at least 75% of the share capital and which simultaneously are resident in Portugal and subject to Corporate Income Tax (IRC).

The remaining subsidiaries not covered by the special tax regime for groups of companies are taxed individually based on their respective taxable incomes and the applicable tax rates.

Income tax is stated in accordance with the IAS 12 criteria. In calculating the cost relating to income tax for the period, in addition to current tax, allowance is also made for the effect of deferred tax calculated in accordance with the liability method, taking into account the temporary differences resulting from the difference between the tax basis of assets and liabilities and their values as stated in the consolidated financial statements, and the tax losses carried forward at the date of the statement of financial position. The deferred income tax assets and liabilities were calculated based on the tax legislation currently in force or of legislation already published for future application.

Deferred income tax assets are recognised for all the deductible temporary differences until it is likely that a taxable profit is obtained to which the deductible temporary difference may be used, unless the deferred income tax asset results from the initial recognition of an asset or liability in a transaction which:

- Is not a concentration of business activities;
- At the moment of the transaction, it does not affect neither the accounting profit nor the taxable profit (fiscal loss);
- With respect to deductible temporary differences arising from investments in subsidiaries, branches and associates and interests in joint arrangements, deferred income tax assets are recognised only to the extent that the temporary difference will revert in the foreseeable future and taxable profit against which the temporary difference can be used will be available.

As stipulated in the above standard, deferred income tax assets are recognised only when there is reasonable assurance that these may be used to reduce future taxable profit, or when there are deferred income tax liabilities whose reversal is expected to occur in the same period in which the deferred income tax assets are reversed. At the end of each period an assessment is made of deferred income tax assets, and these are adjusted in line with the likelihood of their future use.

The amount of tax to be included, either in current tax or in deferred tax resulting from transactions or events recognised in equity accounts, is recorded directly under those items and does not affect the results for the period.

In a business combination, the deferred tax benefits acquired are recognised as follows:

- The deferred tax benefits acquired recognised in the measurement period of one year after the date of merger and that result from new information about facts and circumstances that existed at the date of acquisition are recorded against the goodwill-carrying amount related to the acquisition. If the goodwill-carrying amount is null, any remaining deferred tax benefits are recognised in the income statement.
- All the other acquired deferred tax benefits performed are recognised in the income statement (when applicable, directly in shareholders' equity).

2.3.17. PAYMENT BASED IN SHARES

The benefits granted to employees under share purchase or share option incentive plans are recorded in accordance with the requirements of IFRS 2 – Share-based payments.

In accordance with IFRS 2, since it is not possible to reliably estimate the fair value of the services received from employees, their value is measured by reference to the fair value of equity instruments in accordance with their share price at the grant date.

The cost is recognised, linearly over the period in which the service is provided by employees, under the caption "Wages and salaries" in the income statement, with the corresponding increase in "Other reserves" in equity.

The accumulated cost recognised at the date of each statement of financial position up to the vesting reflects the best estimate of the number of own shares that will be vested, weighted by the tire elapse between the grant and the vesting. The impact on the income statement each year corresponds to the accumulated cost valuation between the beginning and the end of the year.

In turn, benefits granted based on shares but paid in cash lead to the recognition of a liability valued at fair value at the date of the statement of financial position.

2.3.18. EQUITY

Share issue premiums

Issue of shares corresponds to premiums from the issuance or capital increases. According to Portuguese law, share premiums follow the treatment given to the "Legal reserve", that is, the values are not distributable, except in case of liquidation, but can be used to absorb losses after having exhausted all other reserves and to increase share capital.

Own shares

The own shares are recorded at acquisition cost as a deduction from equity. Gains or losses on the sale of own shares are recorded under "Other reserves".

Legal reserve

Portuguese commercial legislation requires that at least 5% of annual net profit must be appropriated to a legal reserve until it represents at least 20% of the share capital. This reserve is not distributable, except in case of liquidation, but can be used to absorb losses, after having exhausted all other reserves and to increase share capital.

Other reserves and accumulated earnings

Reserves for plans of medium term incentive

According to IFRS 2 - "Share-based payments", the responsibility with the medium-term incentive plans settled by delivery of own shares is recorded as credit under "Reservations for mid-term incentive plans" and such reserve is not likely to be distributed or used to absorb losses.

Hedging reserves

Hedging reserve reflects the changes in fair value of derivative financial instruments as cash flow hedges that are considered effective, and they are not likely to be distributed or be used to absorb losses.

Own shares reserves

The "Own shares reserves" reflect the value of the shares acquired and follows the same legal regime as the legal reserve.

Other reserves and Retained results

This item includes the results available for distribution to shareholders and earnings per fair value in financial instruments increases, financial investments and investment properties, which, in accordance with paragraph 2 of article 32 of the CSC, will only be available for distribution when the elements or rights that originated them are sold, exercised, terminated, or settled.

Under Portuguese law, the amount of distributable reserves is determined according to the individual financial statements of the company prepared in accordance with IFRS. In addition, the increases resulting from the application of fair value through equity components, including its application through the net profit can only be distributed when the elements that originated them are sold, exercised liquidated or when the end their use, in the case of tangible assets or intangible assets.

Dividends

The company recognizes the liability, as well as its impact over the equity, associated with the responsibility to distribute dividends when it is approved by the shareholders.

2.3.19. REVENUE

The main types of revenue of NOS subsidiaries are as follows:

- Revenues of Communications Services:

  Cable/Satellite television, fixed broadband and fixed voice: The revenues from services provided using the fibre optic cable network result from:

  - basic channel subscription packages that can be sold in a bundle with fixed broadband/fixed voice services;
  - premium channel subscription packages and S-VOD;
  - terminal equipment rental;
  - consumption of content (VOD);
  - traffic and voice termination;
  - service activation;
  - sale of equipment, licensing and others; and
  - other additional services (ex: firewall, antivirus).

- Mobile broadband and voice services: Revenues from mobile broadband Internet access services and mobile voice services result mainly from monthly subscriptions and/or usage of the Internet and voice service, as well as the traffic associated with the type chosen by the client.
- Advertising revenue: Advertising revenues mainly derive from the attraction of advertising for Pay TV channels to which the Group has publicity rights and in cinemas. These revenues are recognised from when they are received, taken off any discounts given.
- Film showings and distribution: Distribution revenue pertains to the distribution of films to film exhibitors not distributed by the Group, that are included in the film showings, whilst income from film showings mostly derive from cinema ticket sales and the product sales in the bars; the film showings revenue includes the revenue from ticket sales and bar sales respectively.
- Revenue from distributing channel content: Revenue from distribution essentially includes the sale of DVDs, the sale of content and the distribution of television channels subscriptions to third parties and count from the time at which they are sold, shown, and made available for distribution to telecommunications operators, respectively. The television channels distribution by subscription to third parties consists in the transmission and retransmission of information, including, namely, the distribution of television emissions and radio broadcasting, owned and third partied owned, codified or not, as well as the addressed nature rendered services and data transmission. NOS is leading these activities since it: controls the channel exhibition, in its package of products disposes the power of pricing, the retribution corresponds to the service price and not to a mere commission and it is exposed to the credit risk of its customers.
- Consultancy and datacenter management: information systems consultancy and datacenter management are the major services rendered by NOS Sistemas.
- Insurance brokerage commissions: income from insurance sales commissions is obtained by NOS Mediação de Seguros.

The Group's revenue is based on the five-step model established by IFRS 15:

- Identification of the contract with the customer;
- Identification of performance obligations;
- Determining the price of the transaction;
- Allocation of the price of the transaction to the performance obligations; and
- Recognition of revenue.

Thus, at the beginning of each contract, the NOS Group evaluates the promised goods or services and identifies, as a performance obligation, every promise of transfer to the customer of any distinct good or service (or package of goods or services). These promises in customer contracts may be express or implied, provided such promises create a valid expectation in the client that the entity will transfer a good or service to the customer, based on the entity's published policies, specific statements or usual business practices.

The NOS Group has internally defined that a performance obligation corresponds to the promise of delivery of a good or service that can be used in an isolated/separated way by the customer and on which there is a clear perception of this good or service by the customer among the available in each contract.

The main performance obligations are summarized as Sales of Mobile Phones, Telephones, Hotspots, DVD's, Movie Tickets, Licensing and Other Equipment and the Services Rendered of Mobile Internet Services, Fixed Internet, Mobile Phone, Landline Phone, Television, Consulting, Cloud/ IT Services, distribution of audio-visual rights among others.

The provision of Set-top-boxes, routers, modems and other terminal equipment at the customers' home and respective installation and activation services were considered by the group as not corresponding to a performance obligation, since they are necessary actions to fulfil the promised performance obligation.

In determining and allocating the transaction price of each performance obligation, NOS used stand-alone prices of the promised products and services at the time of entering into the agreement with the customer to distribute the amount expected to be received under the contract.

The recognition of revenue occurs at the time of performance of each performance obligation.

Revenue from selling equipment is included when the buyer takes on the risks and advantages of taking possession of goods and the value of the benefits are reasonably quantified.

Revenue from telecom services subscriptions (TV, internet, mobile and fixed voice services bundle subscription, individually or as a bundle) is recognised linearly over the subscription period.

Revenue from equipment rental is recognised linearly over the rental agreement, except in the case of instalment sales, which are accounted as credit sales.

The Group attributes to its customers loyalty points in each call or recharge, that might be exchanged, over a limited period, for discounts in equipment purchase.

In each reporting period, NOS recognizes the current liability with discounts to be awarded in the future. This responsibility is calculated based on the amount of points awarded and not yet used, discounted from the estimate of points that will not be used (based on the history of use) and valued based on the offer available at each time for the use of points (specific catalog).

The recognition of liability configures a deferred income (until the date on which the points are definitively converted into benefits), which is recognised at the time of the use of the discount, as a revenue accrual.

Revenue related with traffic, roaming, data usage, audiovisual content, and others is recognised when the service is rendered. The Group also offers various personalised solutions, particularly to its corporate customers in telecom management, access, voice, and data transmission services. These personalised solutions are also recognised when the service is rendered.

Unless demanded or allowed by IFRS, the compensation of revenues and costs is not performed, namely, when it reflects the nature of the transaction or other event.

The compensation of revenues and costs is performed in the following situations:

- When the gross inflows from economic benefits do not result in equity increases to the Group, i.e., the amount charged to the customer is equal to the amount delivered to the partner. This situation is applicable to the revenue obtained by the invoicing special services operators, in these cases the amounts charged on account of the capital are not revenue; and,
- When the counterpart is not a "customer" but a partner who shares the risks and benefits of developing a product or services in order for it to be commercialised. Thus, a counterpart of a contract will not be a customer if, for instance, the counterpart has hired from NOS to participate in an activity or process in which the parties in the contract share the risks and benefits instead of obtaining the Group's ordinary activities result. These cases are designated collaborative arrangements. This situation is applicable to revenues from operators affected by the reciprocal availability agreement regarding broadcasting rights of sports content.

Discounts granted to customers related with loyalty programmes are allocated to the entire retention contract to which the customer is committed to. Therefore, the discount is recognised as the goods and services made available to the customer.

Amounts that have not been invoiced for are included based on estimates. The differences between the estimated amounts and the actual amounts, which are normally immaterial, are recorded in the next financial year.

The revenue from penalties is recognised in the "Other income" item upon receival.

Interest revenue is recognised using the effective interest method, only when they generate future economic benefits.

2.3.20. ACCRUALS

Group's revenues and costs are recognised in accordance with the accrual's principle, under which they are recognised as they are generated or incurred, regardless of when they are received or paid.

The costs and revenues related to the current period and whose expenses and income will only occur in future periods are registered under "Accounts receivable – trade", "Accounts receivable – other", "Prepaid expenses", "Accrued expenses" and "Deferred income", as well as the expenses and income that have already occurred that relate to future periods, which will be recognised in each of those periods, for the corresponding amount.

The costs related to the current period and whose expenses will only occur in future periods are registered under "Accrued expenses" when it is possible to estimate with certainty the related amount, as well as the timing of the expense's materialization. If uncertainty exists related to any of these aspects, the value is classified as Provisions (Note 2.3.14).

2.3.21. ASSETS, LIABILITIES AND TRANSACTIONS IN FOREIGN CURRENCIES

Transactions in foreign currencies are converted into the functional currency at the exchange rate on the transactions dates. On each accounting date, outstanding balances (monetary items) are updated by applying the exchange rate prevailing on that date. The exchange rate differences in this update are recognised in the income statement for the year in which they were calculated in the item "Losses / (gains) on exchange variations". Exchange rate variations generated on monetary items, which constitute enlargement of the investment denominated in the functional currency of the Group or of the subsidiary in question, are recognised in equity. Exchange rate differences on non-monetary items are classified in "Other reserves" in equity.

The financial statements of subsidiaries denominated in foreign currencies are converted at the following exchange rates:

- The exchange rate obtaining on the date of the statement of financial position for the conversion of assets and liabilities;
- The average exchange rate in the period for the conversion of items in the income statement, apart from cases of affiliated companies that are in a hyperinflationary economy;
- The average exchange rate in the period, for the conversion of cash flows (in cases where the exchange rate approximates to the real rate, and for the remaining cash flows the rate of exchange at the date of the operations is used), apart from cases of affiliated companies that are in a hyperinflationary economy;
- The historical exchange rate for the conversion of equity accounts.

Exchange differences arising from the conversion into euros of the financial statements of subsidiaries denominated in foreign currencies are included in equity under "Other reserves".

In the last quarter of 2017, the Angolan economy was considered a hyperinflationary economy according to IAS 29 - Financial Reporting in Hyperinflationary Economies.

This standard requires that the financial statements prepared in the currency of a hyperinflationary must be expressed in terms of the current measurement unit at the financial statements' preparation date.

In summary, the general aspects that must be considered for the restatement of the individual financial statements are the following ones:

- The monetary assets and liabilities are not amended because they are already updated to the current unit at the financial statements date;
- The non-monetary assets and liabilities (that are still not expressed in terms of the current unit at the financial statements) are restated by the application of an index;
- The effect of the inflation on the net monetary position of the subsidiaries companies is reflected in the income statement as a loss in the net monetary position.

Additionally, according to IAS 21, the restatement of the consolidated financial statements is prohibited when the parent company does not operate in a hyperinflationary economy.

The conversion coefficient that was used for the restatement of the individual financial statements of the subsidiaries in Angola was the Consumer Price Index (CPI), issued by the National Bank of Angola.

In the last quarter of 2019, the Angolan economy was no longer considered a hyperinflationary economy.

IAS 29 - Financial Reporting in Hyperinflationary Economies provides that "when an economy ceases to be hyperinflationary, the company should treat the amounts expressed in the current unit of measurement at the end of the previous reporting period, as the basis for the carrying amounts in its statements subsequent financial statements". In this way, the adjustments / revaluations, carried out until the end of the classification as a hyperinflationary economy, are treated as a deemed cost and recognised in the same proportion as the assets that gave rise to it.

At 31 December 2021 and 2022, assets and liabilities expressed in foreign currencies were converted into euros using the following exchange rates of such currencies against the euro, as published by the Bank of Portugal:

	31-12-2021	31-12-2022
US Dollar	1.1326	1.0666
Angolan Kwanza	635.7510	537.5664
British Pound	0.8403	0.8869
Mozambican Metical	71.5800	67.4500
Canadian Dollar	1.4393	1.4440
Swiss Franc	1.0331	0.9847
Real	6.3101	5.6386

In the financial years ended on 31 December 2021 and 2022, the income statements of subsidiaries expressed in foreign currencies were converted to euros at the average exchange rates of the currencies of their countries of origin against the euro. The average exchange rates used are as follows:

	12M 21	12M 22
Angolan Kwanza	734.9674	476.0086
Mozambican Metical	76.3545	66.3800

2.3.22. FINANCIAL CHARGES AND BORROWINGS

Financial charges related to borrowings are recognised as costs in accordance with the accrual's principle, except in the case of loans incurred (whether these are generic or specific) for the acquisition, construction or production of an asset that takes a substantial period (over one year) to be ready for use, which are capitalized in the acquisition cost of that asset. Costs from capitalized borrowings are determined having in consideration the amount of borrowing costs obtained that can be capitalized, according to the application of a capitalization rate over the expenses associated with that asset. The capitalization rate (aligned with NOS average financing rate) as well as with the costs to be capitalized are determined monthly, taking into consideration the monthly balance of eligible borrowings and the monthly amount of the asset in progress that qualifies.

2.3.23. INVESTMENT PROPERTY

Investment property mainly includes buildings held to generate rents rather than for use in the production or supply of goods or services, or for administrative purposes, or for sale in the ordinary course of business. These are measured initially at cost.

Subsequently, the Group uses the cost model for the valuation of investment property since use of the fair value model would not result in material differences.

An investment property is eliminated from the statement of financial position on disposal or when the investment property is taken permanently out of use and no financial benefit is expected from its disposal.

2.3.24. FAIR VALUE MEASUREMENT

The Group measures part of the financial assets, such as financial assets available for sale, and some of its non-financial assets, at fair value on the date of the financial statements.

The fair value measurement assumes that the asset or liability is exchanged in an orderly transaction among market participants to sell the asset or transfer the liability at the measurement date under current market conditions. The fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability may occur:

- On the main market of the assets and liabilities, or
- In the absence of a primary market, it is assumed that the transaction occurs in the most advantageous market. This is what maximizes the amount that would be received for selling asset or minimizes the amount that would be paid to transfer the liability, after considering transaction costs and transport costs.

Since different entities and businesses within a single entity can have access to different markets, the main or most advantageous market for the same asset or liability can vary from one entity to another, or even between businesses within the same entity, but it is assumed that they are accessible to the Group.

The fair value measurement uses assumptions that market participant's use in defining price of the asset or liability, assuming that market participants would use the asset to maximize its value.

The Group uses valuation techniques appropriate to the circumstances whenever there is information to measure the fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities measured at fair value or of which disclosure is mandatory, are rated on a fair value hierarchy, which ranks data in three levels to be used in the measurement at fair value, and detailed below:

- Level 1 – Listed and unadjusted market prices, in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - valuation techniques using inputs that aren't quoted, but which are directly or indirectly observable;
- Level 3 - valuation techniques using inputs not based on observable market data, based on unobservable inputs.

The fair value measurement is classified in the same fair value hierarchy level at the lowest level of input, which is significant to the measurement as a whole.

2.3.25. ASSETS AND LIABILITIES OFFSETTING

Financial assets and liabilities are offset and presented at the net amount when, and only when, the Group has the right to offset the recognised amounts and intends to settle for the net amount.

2.3.26. EMPLOYEE BENEFITS

Personnel expenses are recognised when the service is rendered by employees independently of their date of payment. Here are some specificities:

- Termination of employment. The benefits for termination of employment are due for payment when there is cessation of employment before the normal retirement date or when an employee voluntarily accepts to leave in exchange of these benefits. The Group recognizes these benefits when it can be shown to be committed to a termination of current employees according to a detailed formal plan for termination and there is no realistic possibility of withdrawal or these benefits are granted to encourage voluntary redundancy. When the benefits of cessation of employment are due more than 12 months after the balance sheet date, they are updated to their present value.
- Holiday, holiday allowances, and bonuses. According to the labor law, employees are entitled to 22 days annual leave, as well as one month of holiday allowances, rights acquired in the year preceding payment. These liabilities of the Group are recorded when incurred, independently of the moment of payment, and are reflected under the item "Accounts payable and other".
- Labor Compensation Fund (FCT) and the Labor Compensation Guarantee Fund (FGCT). Based on the publication of Law No. 70/2013 and subsequent regulation by Order No. 294-A / 2013, entered into force on 1 October the Labor Compensation Fund schemes (FCT) and the Guarantee Fund Compensation of Labor (FGCT). In this context, companies that hire a new employee are required to deduct a percentage of the respective salary for these two new funds (0.925% to 0.075% and the FCT for FGCT), in order to ensure, in the future, the partial payment the compensation for dismissal. Considering the characteristics of each Fund, the following is considered:
    - The monthly deliveries to FGCT, made by the employer are recognised as expense in the period to which they relate.
    - The monthly deliveries to FCT, made by the employer are recognised as a financial asset, in the caption "Other non-current financial assets" of the entity, measured at fair value with changes recognised in the respective results.

2.3.27. STATEMENT OF CASH FLOWS

The statement of cash flows is prepared in accordance with the direct method. The Group classifies under "Cash and cash equivalents" the assets with maturities of less than three months and for which the risk of change in value is negligible. For purposes of the statement of cash flows, the balance of cash and cash equivalents also include bank overdrafts included in the statement of financial position under "Borrowings".

The statement of cash flows is divided into operating, investing, and financing activities.

Operating activities include cash received from customers and payments to suppliers, staff and others related to operating activities. Under "Other cash receipts / (payments) related with operating activity" includes the amount received and subsequent payments related to assignments without recourse, coordinated by the Banco Comercial Português and Caixa Geral de Depósitos, and these operations do not involve any change in the accounting treatment of the underlying receivables or in the relationship with their clients.

The cash flows included in investing activities include acquisitions and disposals of investments in subsidiaries and cash received and payments arising from the purchase and sale of tangible and intangible assets, amongst others.

Financing activities include cash received and payments relating to borrowings, the payment of interest and similar costs, finance leases, the purchase and sale of own shares and the payment of dividends.

2.3.28. SUBSEQUENT EVENTS

Events occurring after the date of the statement of financial position, which provide additional information about conditions that existed at that date, are considered in the preparation of financial statements of the quarter.

Events occurring after the date of the statement of financial position, which provide information on conditions that occur after that date, are disclosed in the notes to the financial statements, when they are materially relevant.

3. Judgements and estimates

3.1. RELEVANT ACCOUNTING ESTIMATES

The preparation of consolidated financial statements requires the Group's management to make judgments and estimates that affect the statement of financial position and the reported results. These estimates are based on the best information and knowledge about past and/or present events and on the operations that the Company considers it may implement in the future. However, at the date of completion of such operations, their results may differ from these estimates.

Changes to these estimates that occur after the date of approval of the consolidated financial statements will be corrected in the income statement in a prospective manner, in accordance with IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors".

The estimates and assumptions that imply a greater risk of giving rise to a material adjustment in assets and liabilities are described below:

Entities included in the consolidation perimeter

To determine the entities to be included in the consolidation perimeter, the Group assesses the extent to which it is exposed, or has rights, to variability in return from its involvement with that entity and can take possession of them through the power it holds over this entity.

The decision that an entity must be consolidated by the Group requires the use of judgment, estimates, and assumptions to determine the extent to which the Group is exposed to return variability and the ability to take possession of them through its power.

Other assumptions and estimates could lead to the Group's consolidation perimeter being different, with direct impact on the consolidated financial statements.

Impairment of non-current assets, excluding goodwill

The determination of a possible impairment loss can be triggered by the occurrence of various events, such as the availability of future financing, the cost of capital or other market, economic and legal changes or changes with an adverse effect on the technological environment, many of which are beyond the Group's control.

The identification and assessment of impairment indicators, the estimation of future cash flows, and the calculation of the recoverable value of assets involve a high degree of judgment by the Board.

Impairment of goodwill

Goodwill is annually subject to impairment tests or whenever there are indications of a possible loss of value, according to the criteria referred on Note 9. The recoverable values of the cash-generating units to which goodwill is allocated are determined based on the calculation of current use values. These calculations require the use of estimates by management.

Intangible and tangible assets

The life of an asset is the period during which the Company expects that an asset will be available for use and this should be reviewed at least at the end of each financial year.

The determination of the useful lives of assets, the amortization/depreciation method to be applied, and the estimated losses resulting from the replacement of equipment before the end of its useful life due to technological obsolescence is crucial in determining the amount of amortization/depreciation to be recognised in the consolidated income statement each period.

These three parameters are defined using management's best estimates for the assets and businesses concerned and taking account of the practices adopted by companies in the sectors in which the Group operates.

The capitalized costs with the audiovisual content distribution rights acquired for commercialization in the various windows of exhibition are amortised over the period of exploration of the respective contracts. Additionally, these assets are subject to impairment tests whenever there are indications of changes in the pattern generation of future revenue underlying each contract.

The residual value, the useful life and the depreciation methods are periodically revised by the various companies of the Group and prospectively adjusted, if appropriated.

Rights of use

The Group determines the end of the lease as the non-cancelable part of the lease term, together with any periods covered by an option to extend the lease if it is reasonably certain that it will be exercised, or any periods covered by an option to terminate the lease agreement, if it is reasonably certain that it will not be exercised.

The Group has the option, under some of its lease agreements, to lease its assets for additional periods. NOS assesses the reasonableness of exercising the option to renew the contract. That is, NOS considers all the relevant factors that create an economic incentive for exercising the renewal. After the start date, the Group re-evaluates the termination of the contract if there is a significant event or changes in circumstances that are under control and affect its ability to exercise (or not exercise) the renewal option (a change in strategy of business).

Provisions

The Group periodically reviews any obligations arising from past events, which should be recognised or disclosed. The subjectivity involved in determining the probability and amount of internal resources required to meet obligations may give rise to significant adjustments, either due to changes in the assumptions made, or due to the future recognition of provisions previously disclosed as contingent liabilities.

Deferred income tax assets

Deferred income tax assets are recognised only when there is strong assurance that there will be future taxable income available to use the temporary differences or when there are deferred tax liabilities whose reversal is expected in the same period in which the deferred tax assets are reversed. The assessment of deferred income tax assets is undertaken by management at the end of each period taking account of the expected future performance of the Group.

Expected credit losses

The credit risk on the balances of accounts receivable is assessed at each reporting date, using a collection matrix based on the historical past collections adjusted from the future expectation of collections evolution, to determine the uncollectibility rate. The expected credit losses of the accounts receivable are thus adjusted for the assessment made, which may differ from the effective risk that will incurred in the future.

Fair value of financial assets and liabilities

When the fair value of an asset or liabilities is calculated, on an active market, the respective market price is used. When there is no active market, which is the case with some of the Group's financial assets and liabilities, valuation techniques generally accepted in the market, based on market assumptions, are used.

The Group applies evaluation techniques for unlisted financial instruments, such as derivatives, financial instruments at fair value and instruments measured at amortised cost. The most frequently used valorization models are models of discounted cash flows and option models, which incorporate, for example, interest rate and market volatility curves.

For certain types of more complex derivatives, more advanced valuation models are used containing assumptions and data that are not directly observable in the market, for which the Group uses internal estimates and assumptions.

3.2. ERRORS, ESTIMATES, AND CHANGES TO ACCOUNTING POLICIES

During the financial years ended 31 December 2021 and 2022, no material errors, estimates or changes in accounting policies were recognised in relation to prior years. A reclassification of estimates to address uncertainties about the acceptance of a particular tax treatment by the Tax Authorities was made from Taxes payable to deferred tax liabilities, amounting to approximately €42.6 million (2021: €42.2 million), with restatement of the year 2021, for comparability purposes (Note 16).

4. Financial Risk Policies Management

4.1. FINANCIAL RISK MANAGEMENT

The Group's activities are exposed to a variety of financial risk factors: credit risk, liquidity risk and market risk.

The Group's Board of Directors takes responsibility for defining the principles for risk management and policies covering specific areas such as: exchange rate risk, interest rate risk, credit risk, the use of derivatives and other non-derivative financial instruments, and the investment of excess liquidity.

A) Credit Risk

Credit risk is essentially related to the risk of a counterparty defaulting on its contractual obligations, resulting in a financial loss to the Group. The Group is subject to credit risk in its operating and treasury activities.

The credit risk associated with operations is mainly related to receivables from services provided to customers (Notes 13 and 18). This risk is monitored on a regular business basis, and the aim of management is to: i) limit the credit granted to customers, considering the average collection period of each customer; ii) monitor the evolution of the level of credit granted; and iii) perform impairment analyses of accounts receivable on a regular basis.

The classification of a customer as being in default takes into account the particularity of each customer, business/segment and amounts involved. In the majority of segments, a customer is considered to be in default if the debt is overdue for more than 180 days. In the residential segment, the main segment, NOS has as a restriction measure, the blocking of the services provided after 50 days of maturity without receipt.

The Group does not face any significant credit risk with any particular customer, insofar as the accounts receivable derive from a large number of customers from a wide range of businesses.

The adjustments for expected credit losses on accounts receivable are calculated considering: i) the risk profile of the customer, depending on whether it is a residential or corporate customer; ii) the average collection period, which differs from business to business; iii) the customer's financial condition; and iv) the future prospects for collection. Given the dispersion of customers it is not necessary to consider an additional adjustment for credit risk, besides the expected credit losses already recorded in accounts receivable - customers and accounts receivable - other.

On a regular basis, doubtful debts, overdue for more than 24 months and with total impairment loss recorded, are derecognised, after all collection procedures considered adequate for credit recovery have been exhausted or frustrated.

The following table represents the Group's maximum exposure to credit risk, as at 31 December 2021 and 2022, without taking into account any collateral held or other credit enhancements. For assets in the statement of financial position, the defined exposure is based on their carrying amount on the face of the statement of financial position.

	31-12-2021	31-12-2022
Accounts receivable trade - current (Note 18)	256,982	229,636
Accounts receivable other - non-current (Note 13)	5,914	4,758
Accounts receivable other - current (Note 13)	4,152	4,667
Cash and cash equivalents (Note 22)	10,379	14,198
TOTAL FINANCIAL ASSETS	**277,427**	**253,259**

Accounts receivable – customers

The Group's exposure to credit risk is attributable mainly to the accounts receivable related to its operating activity. The amounts presented in the statement of financial position are net of expected credit losses that were estimated by the Group, in accordance with its experience and based on the economical environment evaluation. The Board of Directors believes that the carrying amounts of accounts receivable are similar to its fair value.

At 31 December 2021 and 2022, the ageing of the trade receivables - trade receivables is as follows:

	31-12-2021	31-12-2022
Not overdue	145,965	123,367
0 to 90 days	38,724	39,633
90 to 180 days	16,759	23,468
180 to 360 days	24,502	25,828
Over 360 days	228,660	231,922
ACCOUNTS RECEIVABLE	**454,610**	**444,218**
Not overdue	(6,042)	(5,909)
0 to 90 days	(5,613)	(6,179)
90 to 180 days	(4,068)	(12,588)
180 to 360 days	(9,317)	(14,980)
Over 360 days	(172,588)	(174,926)
EXPECTED CREDIT LOSSES	**(197,628)**	**(214,582)**
TOTAL ACCOUNTS RECEIVABLE	**256,982**	**229,636**

Credit risk monitoring is performed on a continuous basis and can be summarised as follows:

- regular customers are analysed on an aggregate basis (homogeneous group) and the expected credit losses are calculated through the use of a collections matrix, which is based on past collections adjusted for the expected future evolution of collections, to determine the uncollectibility rate;
- the balances of operators, agents and others are analysed individually and the expected credit losses are calculated taking into consideration the age of each balance, the existence of claims, the current financial situation of each third party and the future expectation of receiving the respective amounts due.

Cash and cash equivalents

The guarantees and collaterals existing for some operators and agents are not material.

The quality of the Group's credit risk, at 31 December 2021 and 2022, associated with this type of assets (Cash and Cash Equivalents except cash value), whose counterparties are financial institutions, is detailed as follows:

	31-12-2021	31-12-2022
A	229	42
A-	23	5 834
BBB+	8,524	3 871
BBB	882	1 084
BB+	558	2 016
BB	159	-
B+	1	1
B	-	1 244
without rating	3	105
TOTAL	**10,379**	**14,198**

The ratings information was taken from Reuters, based on the ratings assigned by the three main rating agencies (Standard & Poor's, Moody's and Fitch).

B) Liquidity Risk

Prudent management of liquidity risk implies maintaining an adequate level of cash and cash equivalents to meet the assumed responsibilities, associated to the negotiation of credit lines with financial institutions. Under the adopted model, the Group has:

b.1) Commercial paper programmes used of €408 million, of which €5.5 million issued under programmes without underwriting. The total amount contracted under firm underwriting programmes is 710 million euros, corresponding to thirteen programmes, with six banking institutions, 572.5 million of which bear interest at market rates and 137.5 million are issued at fixed rates.

b.2) Bonds by private and direct offer in the amount of 590 million euros;

Based on estimated cash flows and taking into consideration the compliance with any covenants normally existing in loans payable, management regularly monitors the forecasts of the Group's liquidity reserve, including the amounts of unused credit lines, the amounts of cash and cash equivalents.

Covenants

From the loans obtained (excluding financial leases), besides being subject to the Group's compliance with its obligations (operational, legal and fiscal) 100% of them are subject to Cross default, Pari Passu and Negative Pledge clauses and 82% are subject to Ownership clauses.

Additionally, about 19% of total borrowings require that the consolidated net financial debt does not exceed 3 times EBITDA after payment of consolidated leases, about 4% require that the consolidated net financial debt does not exceed 3.5 times EBITDA after payment of consolidated leases, about 2% require that the consolidated net financial debt does not exceed 4 times EBITDA after payment of consolidated leases and about 8% require that the consolidated net financial debt does not exceed 5 times EBITDA after payment of consolidated leases.

Net Financial Debt = Loans - Leasings - Cash and Cash Equivalents

EBITDA = Operating profit + Depreciation, amortisation and impairment losses + Restructuring costs + Losses / (gains) on disposal of assets + Other non-recurrent costs / (gains)

EBITDA after lease payments = EBITDA - lease payments (principal and interest)

The table below shows the Group's liabilities by contractual residual maturity intervals. The amounts shown in the table are the contractual undiscounted cash flows payable in the future and including the interest at which these liabilities are being remunerated.

	31-12-2021				31-12-2022			
	LESS THAN 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL	LESS THAN 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
Borrowings:								
- Bond Issue	152,511	439,385	-	591,896	302,944	289,466	-	592,410
- Commercial Paper	64,410	367,477	-	431,887	42,888	364,993	-	407,881
- Foreign Loans	18,090	-	-	18,090	-	-	-	-
- Bank overdrafts	731	-	-	731	7,136	-	-	7,136
- Financial Leases	65,326	113,002	355,677	534,005	74,485	214,269	341,453	630,207
Accounts payable - trade	279,993	-	-	279,993	253,355	-	-	253,355
Accounts payable - other	34,091	5,323	34,727	74,141	53,789	9,618	32,510	95,917
Derivatives of financial instruments	337	-	-	337	397	-	-	397
TOTAL	**615,489**	**925,187**	**390,404**	**1,931,080**	**734,994**	**878,346**	**373,963**	**1,987,303**

C) Market Risk

Exchange rate risk

Exchange rate risk is mainly related to exposure resulting from payments made to suppliers of terminal equipment and producers of audiovisual content for the Pay TV and audiovisual businesses, respectively. The commercial transactions between the Group and these suppliers are mainly denominated in US dollars.

Considering the balance of accounts payable resulting from transactions denominated in a currency different from the Group's functional currency, the Group contracts or may contract financial instruments, namely short-term foreign currency forwards, in order to hedge the risk associated with these balances (Note 21).

The Group has investments in foreign entities whose assets and liabilities are exposed to exchange rate variations (the Group has two subsidiaries in Mozambique, Lusomundo Moçambique and Mstar, whose functional currency is the Metical and two in Angola, Finstar and ZAP Media whose functional currency is the Kwanza). The Group has not adopted any policy of hedging the risk of exchange rate variations of these companies on the Group's cash flows in foreign currency.

A sensitivity analysis was performed considering a 10% strengthening or weakening of the functional currencies of the various financial investments at 31 December 2022. Thus, the value of the financial investments would decrease by 3,258 thousand euros or increase by 3,982 thousand euros, respectively, with the counterpart of these variations being recorded in equity. In this sensitivity analysis, gains or losses that financial investments would recognise resulting from currency fluctuations are not considered.

The table bellow shows the Group's exposure to exchange rate risk at 31 December 2021 and 2022, based on the figures in the statement of financial position of the Group's financial assets and liabilities (amounts expressed in local currency):

	31-12-2021			
	US DOLLAR	BRITISH POUND	KWANZA	MOZAMBIQUE METICAL
ASSETS				
Account receivable - trade	4,373	-	-	-
Account receivable - other	-	1	-	-
Tax receivable	-	-	-	6,491
Cash and cash equivalents	-	-	-	9,685
TOTAL ASSETS	**4,373**	**1**	**-**	**16,176**
LIABILITIES				
Account payable - trade	5,456	(7)	-	35
Accounts payable - other	457	1	-	-
TOTAL LIABILITIES	**5,913**	**(6)**	**-**	**35**
NET	**(1,540)**	**7**	**-**	**16,141**

	31-12-2022			
	US DOLLAR	BRITISH POUND	KWANZA	MOZAMBIQUE METICAL
ASSETS				
Account receivable - trade	4,383	-	-	-
Account receivable - other	1	1	-	-
Tax receivable	-	-	-	651
Cash and cash equivalents	-	-	-	6,911
TOTAL ASSETS	**4,384**	**1**	**-**	**7,562**
LIABILITIES				
Account payable - trade	7,943	(5)	-	35
Contas a pagar - Outros	117	1	-	2
TOTAL LIABILITIES	**8,060**	**(4)**	**-**	**37**
NET	**(3,676)**	**5**	**-**	**7,525**

NOS uses a sensitivity analysis technique that measures the estimated changes in results and equity of an immediate strengthening or weakening of the Euro against other currencies in the rates applied at 31 December 2022, for each class of financial instruments, holding other variables constant. This analysis is for illustrative purposes only, as in practice exchange rates rarely change in isolation.

The sensitivity analysis was performed using a strengthening or weakening of the Euro by 10% in all exchange rates. In such case, profits before taxes would have increased by 307 thousand euros (2021: increased by 102 thousand euros) or decreased by 375 thousand euros (2021: decreased by 125 thousand euros), respectively.

D) Interest rate risk

The risk of interest rate fluctuation can result in a cash flow risk or a fair value risk, depending on whether variable or fixed interest rates have been negotiated.

The Group's borrowings (with the exception of the public bond issue of 300 million euros, two commercial paper programmes of 37.5 and 100 million euros and the contracted leases) have variable interest rates, which exposes the Group to cash flow interest rate risk. The Group has adopted policy of hedging risk with interest rate swaps to hedge future interest payments on Bond loans and other borrowings (Note 25).

The NOS Group uses the sensitivity analysis technique, which measures the expected impacts on results and equity of an immediate increase or decrease of 0.25% (25 basis points) in market interest rates, for the rates applying at the date of the statement of position for each class of financial instrument, with all other variables constant. This analysis is for illustrative purposes only, as in practice market rates rarely change in isolation.

The sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect interest income or interest expense of variable financial instruments;
- Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interest rates if these are recognised at fair value;
- Changes in market interest rates affect the fair value of derivative financial instruments and other financial assets and liabilities;

Changes in the fair value of derivative financial instruments and other financial assets and liabilities are estimated by discounting future cash flows from current net values, using market rates at the year end.

Under these assumptions, a 0.25% increase or decrease in market interest rates for unhedged or floating rate loans as at 31 December 2022 would result in an increase or decrease in annual profit before tax of approximately €1.4 million (2021: €0.9 million).

Regarding the interest rate swaps contracted, the sensitivity analysis that measures the estimated impacts of an immediate increase or decrease of 0.25% (25 basis points) in market interest rates, results in changes, compared to the current fair value of the instruments of more than 183 thousand euros (2021: approximately 0 euros) and less 167 thousand euros (2021: approximately 0 euros).

4.2. CAPITAL RISK MANAGEMENT

The objective of capital risk management is to safeguard the continuity of the Group's operations, with an adequate return to shareholders and generating benefits for all stakeholders.

The NOS Group's policy is to contract loans with financial entities, mostly at the level of the parent company, NOS, which in turn grants loans to its subsidiaries and associates. In the case of joint ventures, which contract financing in their own name, NOS participates in the contract process and is the guarantor for repayment of the loan. This policy aims to optimise the capital structure with a view to greater tax efficiency and reducing the average cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends to be distributed to shareholders, issue new shares, dispose of assets to reduce liabilities or launch share buyback programmes.

As applied by other entities operating in the market in which the Group's operations are carried out, the Group manages capital on the basis of the net financial debt/EBITDA ratio. Net financial debt is calculated as the total of current and non-current borrowings, excluding finance leases related to contracts for the acquisition of capacity utilisation rights and other long term contracts, less cash and cash equivalents, less cash and cash equivalents. The internal ratio set as a target is a debt level below 3 times EBITDA.

	31-12-2021	31-12-2022
Financial debt (Note 25)	1,042,604	1,007,427
Cash and cash equivalents (Note 22)	(10,902)	(15,215)
TOTAL FINANCIAL DEBT	**1,031,702**	**992,212**
Leases (Note 25)	534,005	630,207
TOTAL NET DEBT	**1,565,707**	**1,622,419**
EBITDA [1]	617,961	651,060
EBITDA after leasing payments [2]	518,931	547,727
Net financial debt / EBITDA after leasing payments	1.99	1.81
Total net debt / EBITDA	2.53	2.49

[1] EBITDA = Operating Result + Depreciation, Amortization and Impairment Losses + Restructuring Costs + Losses/(Gains) on disposals of assets + Other Costs/(Gains) Non-Recurring
[2] EBITDA after leasings payments = EBITDA – Leasings payments (Capital and Interest)

Estimated fair value

The table below shows the Group's financial assets and liabilities valued at fair value at 31 December 2021 and 2022, according to the levels of the fair value hierarchy:

	31-12-2021			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial Assets in fair value				
ASSETS				
Other financial assets non-current (Note 15)	-	-	2,074	2,074
Derivative financial instruments - interest rate swap (Note 21)	-	105	-	105
Derivative financial instruments - exchange rate forward (Note 21)	-	317	-	317
	-	**422**	**2,074**	**2,496**
LIABILITIES				
Derivative financial instruments - equity swap (Note 21)	-	323	-	323
Derivative financial instruments - interest rate swap (Note 21)	-	10	-	10
Derivative financial instruments - exchange rate forward (Note 21)	-	4	-	4
	-	**337**	**-**	**337**

	31-12-2022			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial Assets in fair value				
ASSETS				
Other financial assets non-current (Note 15)	-	-	5,248	5,248
Derivative financial instruments - interest rate swap (Note 21)	-	10,947	-	10,947
Derivative financial instruments - exchange rate forward (Note 21)	-	302	-	302
	-	**11,249**	**5,248**	**16,497**
LIABILITIES				
Derivative financial instruments - exchange rate forward (Note 21)	-	397	-	397
	-	**397**	**-**	**397**

The levels of the fair value hierarchy, as established by IFRS 13 - Fair value measurement, are defined as follows:

- **Level 1** - Financial instruments valued based on quotations in active markets to which the Company has access. This category includes securities valued based on executable prices (with immediate liquidity) published by external sources.
- **Level 2** - Financial instruments whose valuation is based on directly or indirectly observable data in active markets. This category includes securities valued based on bids provided by external entities and internal valuation techniques that use only observable market data.
- **Level 3** - All financial instruments valued at fair value that do not fall into levels 1 and 2.

Assets available for sale were valued using the discounted cash flow method (level 3).

The calculation of the fair value of interest rate swap derivatives was based on an estimate of discounted future cash flows, using the estimated market interest rate curve calculated by the entities with which the swaps were contracted (level 2).

The fair value of forward rate agreement derivatives is calculated based on the spot exchange rate (level 2).

5. Changes in the perimeter

The changes in the consolidation perimeter, during the financial year ended on 31 December 2021, were:

- Constitution, in July 2021, of NOS Mediação de Seguros, S.A.. This company's corporate purpose is to distribute insurance and related activities.

During the financial year ended on 31 December 2022, there were no changes in the perimeter.

6. Segment reporting

The business segments are as follows:

- Telco – TV, Internet (fixed and mobile) and voice (fixed and mobile) services rendered and includes the following companies: NOS Technology, Per-mar, Sontária, NOS SGPS, NOS Açores, NOS Property, NOS Madeira, NOS SA, NOS Audio- Sales and Distribution, Teliz Holding, NOS Sistemas, NOS Sistemas España, NOS Inovação, NOS Internacional SGPS, NOS Corporate Center, NOS Wholesale, Fundo NOS 5G, Dualgrid and NOS Mediação de Seguros
- Audiovisual – the supply of video production services and sales, cinema exhibition and distribution and the acquisition/negotiation of Pay TV and VOD (video-on-demand) rights and includes the following companies: NOS Audiovisuais, NOS Cinemas, Lusomundo Moçambique, Lda ("Lusomundo Moçambique"), Lusomundo Imobiliária 2, S.A. ("Lusomundo Imobiliária 2"), Lusomundo Sociedade de Investimentos Imobiliários, SGPS, S.A. ("Lusomundo SII"), Empracine – Empresa Promotora de Atividades Cinematográficas, Lda("Empracine"), NOS Audio SGPS and Dreamia S.L.

Assets and liabilities by segment at 31 December 2021 and 2022 are shown below:

	31-12-2021			
	TELCO	AUDIOVISUALS	ELIMINATIONS	GROUP
ASSETS				
NON - CURRENT ASSETS:				
Tangible assets	1,031,185	9,915	-	1,041,100
Intangible assets	1,115,586	89,445	-	1,205,031
Contract costs	162,118	-	-	162,118
Rights of use	206,880	29,183	-	236,063
Investments in jointly controlled companies and associated companies	127,114	47,227	(156,250)	18,091
Accounts receivable - other	48,856	3,004	(45,946)	5,914
Deferred income tax assets	71,385	10,005	-	81,390
Other non-current assets	2,562	643	-	3,205
TOTAL NON - CURRENT ASSETS	**2,765,686**	**189,422**	**(202,196)**	**2,752,912**
CURRENT ASSETS:				
Inventories	43,532	482	-	44,014
Account receivables	396,514	68,996	(61,420)	404,090
Prepaid expenses	43,965	1,285	(372)	44,878
Other current assets	1,226	1,373	-	2,599
Cash and cash equivalents	10,204	698	-	10,902
TOTAL CURRENT ASSETS	**495,441**	**72,834**	**(61,792)**	**506,483**
TOTAL ASSETS	**3,261,127**	**262,256**	**(263,988)**	**3,259,395**
SHAREHOLDER'S EQUITY				
Share capital	5,152	44,863	(44,863)	5,152
Capital issued premium	854,219	-	-	854,219
Own shares	(12,353)	-	-	(12,353)
Legal reserve	1,030	1,796	(1,796)	1,030
Other reserves and accumulated earnings	9,540	53,760	(98,886)	(35,586)
Net income	132,689	21,719	(10,249)	144,159
EQUITY BEFORE NON - CONTROLLING INTERESTS	**990,277**	**122,138**	**(155,794)**	**956,621**
Non-controlling interests	6,379	-	-	6,379
TOTAL EQUITY	**996,656**	**122,138**	**(155,794)**	**963,000**
LIABILITIES				
NON - CURRENT LIABILITIES:				
Borrowings	1,251,644	69,844	(45,947)	1,275,541
Provisions	73,986	8,530	-	82,516
Accrued expenses	497	-	-	497
Other non-current liabilities	42,732	-	-	42,732
Deferred income tax liabilities	46,497	829	-	47,326
TOTAL NON - CURRENT LIABILITIES	**1,415,356**	**79,203**	**(45,947)**	**1,448,612**
CURRENT LIABILITIES:				
Borrowings	331,535	12,283	(42,750)	301,068
Accounts payable	311,008	19,035	(14,411)	315,632
Tax payable	18,648	710	1	19,359
Accrued expenses	159,459	21,040	(4,715)	175,784
Other current liabilities	28,464	7,847	(371)	35,940
TOTAL CURRENT LIABILITIES	**849,114**	**60,915**	**(62,246)**	**847,783**
TOTAL LIABILITIES	**2,264,470**	**140,118**	**(108,193)**	**2,296,395**
TOTAL LIABILITIES AND SHAREHOLDER´S EQUITY	**3,261,126**	**262,256**	**(263,987)**	**3,259,395**

	31-12-2022			
	TELCO	AUDIOVISUALS	ELIMINATIONS	GROUP
ASSETS				
NON - CURRENT ASSETS:				
Tangible assets	1,098,022	9,030	-	1,107,052
Intangible assets	1,117,022	92,536	-	1,209,558
Contract costs	160,594	-	-	160,594
Rights of use	270,493	27,230	-	297,723
Investments in jointly controlled companies and associated companies	122,712	46,256	(130,007)	38,961
Accounts receivable - other	43,569	3,082	(41,893)	4,758
Deferred income tax assets	81,545	8,009	-	89,554
Other non-current assets	16,917	463	-	17,380
TOTAL NON - CURRENT ASSETS	**2,910,874**	**186,606**	**(171,900)**	**2,925,580**
CURRENT ASSETS:				
Inventories	66,657	566	-	67,223
Account receivables	-	-	-	-
Prepaid expenses	50,891	1,721	(380)	52,232
Other current assets	-	-	-	-
Cash and cash equivalents	14,265	950	-	15,215
Assets for sale	-	-	-	-
TOTAL CURRENT ASSETS	**528,251**	**52,745**	**(43,252)**	**537,744**
TOTAL ASSETS	**3,439,125**	**239,351**	**(215,152)**	**3,463,324**
SHAREHOLDER'S EQUITY				
Share capital	855,168	48,917	(48,917)	855,168
Capital issued premium	4,202	-	-	4,202
Own shares	(15,968)	-	-	(15,968)
Legal reserve	1,030	1,989	(1,989)	1,030
Other reserves and accumulated earnings	7,998	37,897	(68,809)	(22,914)
Net income	216,203	18,207	(9,836)	224,574
EQUITY BEFORE NON - CONTROLLING INTERESTS	**1,068,633**	**107,010**	**(129,551)**	**1,046,092**
Non-controlling interests	6,251	-	-	6,251
TOTAL EQUITY	**1,074,884**	**107,010**	**(129,551)**	**1,052,343**
LIABILITIES				
NON - CURRENT LIABILITIES:				
Borrowings	1,188,142	63,931	(41,892)	1,210,181
Provisions	73,656	7,611	-	81,267
Other non-current liabilities	44,952	-	-	44,952
Deferred income tax liabilities	49,296	829	-	50,125
TOTAL NON - CURRENT LIABILITIES	**1,356,046**	**72,371**	**(41,892)**	**1,386,525**
CURRENT LIABILITIES:				
Borrowings	433,941	17,185	(23,673)	427,453
Accounts payable	305,870	17,086	(15,812)	307,144
Tax payable	37,485	1,357	-	38,842
Accrued expenses	199,001	17,274	(3,845)	212,430
Other current liabilities	31,898	7,068	(379)	38,587
Liabilities directly associated with assets held for sale	-	-	-	-
TOTAL CURRENT LIABILITIES	**1,008,195**	**59,970**	**(43,709)**	**1,024,456**
TOTAL LIABILITIES	**2,364,241**	**132,341**	**(85,601)**	**2,410,981**
TOTAL LIABILITIES AND SHAREHOLDER´S EQUITY	**3,439,125**	**239,351**	**(215,152)**	**3,463,324**

The results by segment and investments in tangible and intangible assets, contract costs and rights of use for the financial years ended on 31 December 2021 and 2022 are shown below:

	TELCO		AUDIOVISUALS		ELIMINATIONS		GROUP	
	4º QUARTER 21	12M 21	4º QUARTER 21	12M 21	4º QUARTER 21	12M 21	4º QUARTER 21	12M 21
REVENUES:								
Services rendered	326,482	1,273,248	21,170	59,466	(11,555)	(37,466)	336,097	1,295,248
Sales	39,211	103,467	3,130	5,829	(46)	(110)	42,295	109,186
Other operating revenues	6,584	24,741	557	1,725	(151)	(601)	6,990	25,865
	372,277	**1,401,456**	**24,857**	**67,020**	**(11,752)**	**(38,177)**	**385,382**	**1,430,299**
COSTS, LOSSES AND GAINS:								
Wages and salaries	18,389	73,446	2,567	8,590	-	-	20,956	82,036
Direct costs	104,195	396,969	5,674	11,031	(9,202)	(32,560)	100,667	375,440
Costs of products sold	39,799	99,062	70	61	(18)	(48)	39,851	99,075
Marketing and advertising	18,626	37,945	1,318	2,797	(3,141)	(12,121)	16,803	28,621
Support services	23,769	85,067	1,293	3,003	(1,325)	(3,213)	23,737	84,857
Supplies and external services	28,816	100,679	(695)	(9,485)	1,934	9,765	30,055	100,959
Other operating losses / (gains)	136	465	16	53	-	-	152	518
Taxes	7,647	31,096	16	57	-	-	7,663	31,153
Provisions and adjustments	5,239	9,989	23	(310)	-	-	5,262	9,679
	246,616	**834,718**	**10,282**	**15,797**	**(11,752)**	**(38,177)**	**245,146**	**812,338**
EBITDA	**125,661**	**566,738**	**14,575**	**51,223**	**-**	**-**	**140,236**	**617,961**
Depreciation, amortisation and impairment losses	99,654	393,528	7,009	25,939	-	-	106,663	419,467
Other losses / (gains), net	2,364	9,344	84	493	-	-	2,448	9,837
INCOME BEFORE LOSSES / (GAINS) PARTICIPATED COMPANIES, FINANCIAL RESULTS AND TAXES	**23,643**	**163,866**	**7,482**	**24,791**	**-**	**-**	**31,125**	**188,657**
Net losses / (gains) of affiliated companies	605	(3,984)	535	383	-	-	1,140	(3,601)
Financial costs	8,724	32,503	448	1,615	-	-	9,172	34,118
Net foreign exchange losses / (gains)	(61)	(326)	35	(305)	-	-	(26)	(631)
Net losses / (gains) on financial assets	(1)	(8,009)	4	(2,228)	-	10,249	3	12
Net other financial expenses / (income)	731	3,104	7	19	-	-	738	3,123
	9,998	**23,288**	**1,029**	**(516)**	**-**	**10,249**	**11,027**	**33,021**
INCOME BEFORE TAXES	**13,645**	**140,578**	**6,453**	**25,307**	**-**	**(10,249)**	**20,098**	**155,636**
Income taxes	(5,361)	8,195	1,446	3,588	-	-	(3,915)	11,783
NET INCOME	**19,006**	**132,383**	**5,007**	**21,719**	**-**	**(10,249)**	**24,013**	**143,853**
CAPEX	**266,068**	**588,928**	**8,479**	**20,893**	**-**	**-**	**274,548**	**609,822**
EBITDA - CAPEX	**(140,407)**	**(22,190)**	**6,096**	**30,330**	**-**	**-**	**(134,312)**	**8,139**

	TELCO		AUDIOVISUALS		ELIMINATIONS		GROUP	
	4º QUARTER 22	12M 22	4º QUARTER 22	12M 22	4º QUARTER 22	12M 22	4º QUARTER 22	12M 22
REVENUES:								
Services rendered	339,200	1,325,968	23,838	82,372	(12,740)	(45,599)	350,298	1,362,741
Sales	34,440	115,823	3,952	12,404	(73)	(183)	38,319	128,044
Other operating revenues	8,308	29,153	735	1,672	(151)	(603)	8,892	30,222
	381,948	**1,470,944**	**28,525**	**96,448**	**(12,964)**	**(46,385)**	**397,509**	**1,521,007**
COSTS, LOSSES AND GAINS:								
Wages and salaries	19,621	75,262	3,244	10,640	(4)	(4)	22,861	85,898
Direct costs	100,936	356,738	5,978	18,695	(7,842)	(30,414)	99,072	345,019
Costs of products sold	33,770	111,836	952	2,761	(12)	(35)	34,710	114,562
Marketing and advertising	19,136	43,774	801	2,870	(3,031)	(11,896)	16,906	34,748
Support services	24,995	83,718	476	2,619	(504)	(2,871)	24,967	83,466
Supplies and external services	36,449	147,282	2,844	9,121	(1,571)	(1,165)	37,722	155,238
Other operating losses / (gains)	99	596	64	202	-	-	163	798
Taxes	8,147	34,858	31	127	-	-	8,178	34,985
Provisions and adjustments	2,041	15,998	(50)	(765)	-	-	1,991	15,233
	245,194	**870,062**	**14,340**	**46,270**	**(12,964)**	**(46,385)**	**246,570**	**869,947**
EBITDA	**136,754**	**600,882**	**14,185**	**50,178**	**-**	**-**	**150,939**	**651,060**
Depreciation, amortisation and impairment losses	128,563	452,126	6,768	28,761	-	-	135,331	480,887
Other losses / (gains), net	(23,748)	(100,488)	95	453	-	-	(23,653)	(100,035)
INCOME BEFORE LOSSES / (GAINS) PARTICIPATED COMPANIES, FINANCIAL RESULTS AND TAXES	**31,939**	**249,244**	**7,322**	**20,964**	**-**	**-**	**39,261**	**270,208**
Net losses / (gains) of affiliated companies	(5,890)	(22,798)	1,039	972	(297)	(297)	(5,148)	(22,123)
Financial costs	8,847	31,437	(803)	141	-	-	8,044	31,578
Net foreign exchange losses / (gains)	675	298	(51)	(74)	-	-	624	224
Net losses / (gains) on financial assets	4	(7,278)	2	(2,752)	-	10,133	6	103
Net other financial expenses / (income)	773	3,296	5	23	-	-	778	3,319
	4,409	**4,955**	**192**	**(1,690)**	**(297)**	**9,836**	**4,304**	**13,101**
INCOME BEFORE TAXES	**27,530**	**244,289**	**7,130**	**22,654**	**297**	**(9,836)**	**34,957**	**257,107**
Income taxes	(198)	28,216	1,885	4,447	-	-	1,687	32,663
NET INCOME	**27,728**	**216,073**	**5,245**	**18,207**	**297**	**(9,836)**	**33,270**	**224,444**
CAPEX	**198,698**	**596,866**	**13,523**	**28,948**	**-**	**-**	**212,221**	**625,814**
EBITDA - CAPEX	**(61,944)**	**4,016**	**662**	**21,230**	**-**	**-**	**(61,282)**	**25,246**

EBITDA = Operational Result + Depreciation, amortization and impairment losses + Restructuring costs + Losses / (gains) on sale of assets + Other losses / (gains) non-recurrent
CAPEX = Increases in tangible and intangible assets, contract costs and rights of use
Transactions between segments are performed on market terms and conditions in a comparable way to transactions performed with third parties.
At 31 December 2022, fully consolidated foreign companies represent less than 1% of assets (at 31 December 2021: less than 1%) and their turnover is less than 0.1% of consolidated turnover

7. Financial assets and liabilities classified in accordance with the IFRS 9 – financial instruments

The accounting policies set out in IFRS 9 for financial instruments were applied to the following items:

Considering its nature, the balances of the amounts to be paid and received to/from state and other public entities were considered outside the scope of IFRS 7. Also, the captions of "Prepaid expenses" and "Deferred income" were not included in this note, as the nature of such balances are not included in the scope of IFRS 7.

The Board of Directors believes that the fair value of the breakdown of financial instruments recorded at amortised cost or registered at the present value of the payments does not differ significantly from their book value. This decision is based in the contractual terms of each financial instrument.

31-12-2021						
	FINANCIAL ASSETS	DERIVATIVES	FINANCIAL LIABILITIES	TOTAL FINANCIAL ASSETS AND LIABILITIES	NON FINANCIAL ASSETS AND LIABILITIES	TOTAL
ASSETS						
Other financial assets non-current (Note 15)	2,074	-	-	2,074	-	2,074
Derivative financial instruments (Note 21)	-	422	-	422	-	422
Accounts receivable - trade (Note 18)	323,934	-	-	323,934	-	323,934
Accounts receivable - other (Note 13)	10,066	-	-	10,066	14,240	24,306
Cash and cash equivalents (Note 22)	10,902	-	-	10,902	-	10,902
TOTAL FINANCIAL ASSETS	**346,976**	**422**	**-**	**347,398**	**14,240**	**361,638**
LIABILITIES						
Borrowings (Note 25)	-	-	1,576,609	1,576,609	-	1,576,609
Derivative financial instruments (Note 21)	-	337	-	337	-	337
Accounts payable - trade (Note 29)	-	-	279,993	279,993	-	279,993
Accounts payable - other (Note 30)	-	-	73,921	73,921	220	74,141
Accrued expenses (Note 27)	-	-	176,281	176,281	-	176,281
TOTAL FINANCIAL LIABILITIES	**-**	**337**	**2,106,804**	**2,107,141**	**220**	**2,107,361**

31-12-2022						
	FINANCIAL ASSETS	DERIVATIVES	FINANCIAL LIABILITIES	TOTAL FINANCIAL ASSETS AND LIABILITIES	NON FINANCIAL ASSETS AND LIABILITIES	TOTAL
ASSETS						
Other financial assets non-current (Note 15)	5,248	-	-	5,248	-	5,248
Derivative financial instruments (Note 21)	-	11,249	-	11,249	-	11,249
Accounts receivable - trade (Note 18)	319,441	-	-	319,441	-	319,441
Accounts receivable - other (Note 13)	9,425	-	-	9,425	11,965	21,390
Cash and cash equivalents (Note 22)	15,215	-	-	15,215	-	15,215
TOTAL FINANCIAL ASSETS	**349,329**	**11,249**	**-**	**360,578**	**11,965**	**372,543**
LIABILITIES						
Borrowings (Note 25)	-	-	1,637,634	1,637,634	-	1,637,634
Derivative financial instruments (Note 21)	-	397	-	397	-	397
Accounts payable - trade (Note 29)	-	-	253,355	253,355	-	253,355
Accounts payable - other (Note 30)	-	-	95,725	95,725	192	95,917
Accrued expenses (Note 27)	-	-	212,431	212,431	-	212,431
TOTAL FINANCIAL LIABILITIES	**-**	**397**	**2,199,145**	**2,199,542**	**192**	**2,199,734**

8. Tangible Assets

In the financial years ended on December 2021 and 2022, the movements in this item were as follows:

	31-12-2020	INCREASES	DISPOSALS AND WRITE-OFFS	TRANSFERS AND OTHERS	31-12-2021
ACQUISITION COST					
Lands	838	-	(41)	(1)	796
Buildings and other constructions	263,952	267	(589)	12,690	276,320
Basic equipment	2,599,495	53,586	(39,947)	152,023	2,765,157
Transportation equipment	512	-	-	2	514
Tools and dies	1,554	-	(1)	43	1,596
Administrative equipment	193,109	1,743	(1,762)	1,945	195,035
Other tangible assets	43,471	147	(18)	264	43,864
Tangible assets in-progress	39,349	163,763	-	(161,885)	41,227
	3,142,280	**219,506**	**(42,358)**	**5,080**	**3,324,509**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES					
Buildings and other constructions	165,127	15,398	(440)	223	180,308
Basic equipment	1,758,042	153,859	(38,242)	(1,095)	1,872,564
Transportation equipment	510	1	-	2	513
Tools and dies	1,420	60	(1)	-	1,479
Administrative equipment	182,562	4,267	(1,738)	91	185,182
Other tangible assets	43,006	372	(18)	2	43,362
	2,150,667	**173,957**	**(40,439)**	**(777)**	**2,283,408**
	991,613	**45,549**	**(1,919)**	**5,857**	**1,041,100**

	31-12-2021	INCREASES	DISPOSALS AND WRITE-OFFS	TRANSFERS AND OTHERS	31-12-2022
ACQUISITION COST					
Land	796	-	(277)	-	519
Buildings and other constructions	276,320	1,140	(46,115)	32,914	264,259
Basic equipment	2,765,157	48,038	(106,233)	202,213	2,909,175
Transportation equipment	514	-	-	-	514
Tools and dies	1,596	-	11	-	1,607
Administrative equipment	195,035	1,460	(2,769)	2,195	195,921
Other tangible assets	43,864	139	(90)	249	44,162
Tangible assets in-progress	41,226	231,250	5,414	(224,452)	53,438
	3,324,508	**282,027**	**(150,059)**	**13,119**	**3,469,595**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES					
Buildings and other constructions	180,308	10,801	(31,615)	24	159,518
Basic equipment	1,872,564	200,375	(101,234)	(31)	1,971,674
Transportation equipment	513	1	-	-	514
Tools and dies	1,479	59	(10)	-	1,528
Administrative equipment	185,182	3,082	(2,766)	152	185,650
Other tangible assets	43,362	388	(105)	14	43,659
	2,283,408	**214,706**	**(135,730)**	**159**	**2,362,543**
	1,041,100	**67,321**	**(14,329)**	**12,960**	**1,107,052**

In the year ended 31 December 2022, the net amount of "Disposals and write-offs" corresponds, predominantly, to the sale of a portfolio of 293 mobile sites having NOS received for the operation 163.6 million euros, originating a gain of 100.6 million euros, recognised under the heading Losses / (gains) on disposal of assets.

At 31 December 2022, the tangible assets net value is composed mainly by basic equipment, namely:

- Network and telecommunications infrastructure (fibre optic network and cabling, network equipment, and other equipment) in the amount of 831.8 million euros (31 December 2021: 775.1 million euros);
- Terminal equipment installed on client premises, included under Basic equipment, amounts to 105.7 million euros (31 December 2021: 107.6 million euros).

Tangible and intangible assets include interests and other financial expenses incurred directly related to the construction of certain tangible or intangible assets in progress.

At 31 December 2022, total net value of these costs amounted to 13.6 million euros (31 December 2021: 12.4 million euros). The amount of interest capitalised in the financial year ended on 31 December 2022 amounted to 1.6 million euros (31 December 2021: 1.1 million euros).

At 31 December 2021 and 2022, the value of commitments to third parties relating to investments to be made was as follows:

	31-12-2021	31-12-2022
Network investments	124,687	64,220
Information systems investments	4,750	2,555
	129,437	**66,775**

During the year ended 31 December 2022, the Company carried out an impairment analysis (see assumptions in Note 9) of the fixed assets allocated to cinema exhibition. Given the range of influence of each complex, the cinemas were grouped as cash-generating units on a regional basis for purposes of impairment testing. The regional cash generating units are Lisbon, Porto, Coimbra, Aveiro, Viseu and the cinemas dispersed throughout the remaining regions of the country are considered individual cash generating units.

In these impairment tests, a discount rate (before taxes) of 9.4% and a perpetuity growth rate of 2.0% were considered. From this analysis did not result any recognition of impairment losses.

Sensitivity analyses were performed to variations in discount rates and revenue growth of approximately 10% and to a perpetuity growth rate of 0%, from which no additional impairment losses were recognised.

9. Intangible assets

In the financial years ended on 31 December 2021 and 2022, the movements in this item were as follows:

	31-12-2020	INCREASES	TRANSFERS AND OTHERS	31-12-2021
ACQUISITION COST				
Industrial property and other rights	1,739,434	2,241	240,305	1,981,959
Goodwill	641,400	-	-	641,400
Intangible assets in-progress	33,310	251,629	(245,078)	39,861
	2,414,144	**253,870**	**(4,773)**	**2,663,220**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES				
Industrial property and other rights	1,370,986	84,904	294	1,456,166
Other intangible assets	2,071	-	(48)	2,023
	1,373,057	**84,904**	**246**	**1,458,189**
	1,041,087	**168,966**	**(5,019)**	**1,205,031**

	31-12-2021	INCREASES	TRANSFERS AND OTHERS	31-12-2022
ACQUISITION COST				
Industrial property and other rights	1,981,959	13,730	107,848	2,103,180
Goodwill	641,400	-	-	641,400
Intangible assets in-progress	39,861	108,264	(120,908)	27,217
	2,663,220	**121,994**	**(13,060)**	**2,771,797**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES				
Industrial property and other rights	1,456,166	104,507	(409)	1,559,907
Intangible assets in-progress	2,023	-	309	2,332
	1,458,189	**104,507**	**(100)**	**1,562,239**
	1,205,031	**17,487**	**(12,960)**	**1,209,558**

The amount of "Transfers and Others" corresponds, mainly, to the transfer of assets to "Tangible assets" (Note 8).

At 31 December 2022, the item "Industrial property and other rights" includes mainly:

- A net amount of 143.2 million euros (31 December 2021: 150.5 million euros) corresponding to the acquisition of frequency usage rights in 5G bands and other relevant bands (100MHz in the 3.6GHz band and 2x10MHz in the 700MHz band, also acquiring 2x5MHz in the 2100MHz band and 2x2MHz in the 900MHz band);
- A net amount of 85.8 million euros (31 December 2021: 94.0 million euros) mainly related to the investment, net of amortization, made in the development of the UMTS network by NOS SA, including:
  - 27.2 million euros (31 December 2021: 29.8 million euros) related to the license,
  - 9.1 million euros (31 December 2021: 9.9 million euros) related to the agreement signed in 2002 between Oni Way and the other three mobile telecommunication operators with activity in Portugal,
  - 2.8 million euros (31 December 2021: 3.1 million euros) related to the Share Capital of "Fundação para as Comunicações Móveis", established in 2007, under an

agreement entered with "Ministério das Obras Públicas, Transportes e Comunicações" and the three mobile telecommunication operators in Portugal;

- 39.7 million euros (31 December 2021: 43.5 million euros) related with the program "Initiatives E"; and
- the net amount of 4.7 million euros (31 December 2022: 5.2 million euros) corresponding to the valuation of the license in the fair value allocation process resulting from the merger;

- A net amount of 71.4 million euros (31 December 2021: 75.2 million euros) corresponding to the current value of future payments related with the acquisition of rights of use for frequencies (spectrum) bands of 800 MHz, 1800 MHz, 2600 MHz, which will be used to develop 4th generation services (LTE - Long Term Evolution) and a net amount of 2.5 million euros (31 December 2021: 2.6 million euros) corresponding to the valuation of the license in the fair value allocation process resulting from the merger;
- A net amount of 173 million euros related with software development (2021: 165 million euros);
- A net amount of 15.7 million euros (31 December 2021: 12.6 million euros) corresponding to the future rights to use movies and series.

Increases in the financial year ended on 31 December 2022 correspond mainly to the acquisition of movies and television series usage rights, for an amount of 21.5 million euros, and acquisition and development of software and other assets, for an amount of 100.5 million euros.

At 31 December 2021 and 2022 intangible assets in progress are broken down as follows (amounts in thousands of euros):

	31-12-2021	31-12-2022
Nature		
Development of information systems (i)	18,695	16,534
Spectrum band 900MHz	10,998	-
Rights of use of films and series (ii)	4,600	5,877
Others	3,545	2,474
	37,838	**24,885**

I. Information Systems Development refers to costs with external companies and work for the company itself, related with information systems development projects, both for the telecommunications network and for internal business and administrative systems, not yet concluded or in operation.

II. The film and series royalties correspond to films and series that have not yet started their exploitation.

Impairment tests on goodwill

Goodwill was allocated to the cash-generating units of each reportable segment, as follows:

	31-12-2021	31-12-2022
Telco	564,799	564,799
Audiovisuals	76,601	76,601
	641,400	**641,400**

In 2022 impairment tests were performed based on assessments in accordance with the discounted cash flow method, which corroborate the recoverability of the book value of the Goodwill. The amounts in these assessments are based on the historical performances and forecast growth of the businesses and their markets, incorporated in medium/long term approved plans.

These estimates are based on the following assumptions:

	TELCO SEGMENT	AUDIOVISUALS SEGMENT	
		NOS AUDIOVISUALS	NOS CINEMAS
Discount rate (before taxes)	6.5%	9.4%	9.4%
Assessment period	5 years	5 years	5 years
EBITDA Growth (2021-26)*	3.0%	-6.2%	4.2%
Perpetuity growth rate	2.0%	2.0%	2.0%

* EBITDA = Operating Income + Depreciation, Amortization and Impairment Losses + Restructuring Costs + Losses / (Gains) on disposal of assets + Other Costs / (Gains) Non-Recurring (CAGR - average 5 years)

In the Telco segment, the assumptions used are based on past performance, evolution of the number of customers, expected development of regulated tariffs, current market conditions, and expectations of future development.

In the cinema segment, the most affected segment by COVID-19, strong EBITDA growth is justified on the prospect of a recovery in activity to levels close to those pre-pandemic.

The number of years specified in the impairment tests depends on the degree of maturity of the several businesses and markets, and were determined based on the most appropriate criterion for the valuation of each cash-generating unit.

Sensitivity analyses were performed to variations in the discount rate and growth rate in the perpetuity of the various reported segments, of 1 percentage point and 0.4 percentage points, respectively.

In the telecommunications segment, sensitivity analysis were also performed to variations in the operational indicators RGU (Revenue Generating Unit), ARPU (Average Revenue per User), EBITDA and CAPEX, in perpetuity, of approximately 5%.

In the cinema segment, sensitivity analysis were conducted on variations in the projected number of tickets sold, average revenue per ticket, EBITDA and CAPEX, in perpetuity, of approximately 5%.

These simulations did not result in the need to reinforce impairment.

10. Contract costs

In the financial years ended on 31 December 2021 and 2022, the movements in this item were as follows:

	31-12-2020	INCREASES	31-12-2021
ACQUISITION COST			
Cost of attracting customers	491,490	65,477	556,967
Costs of fulfilling customer contracts	223,961	32,923	256,884
	715,451	**98,400**	**813,851**
ACCUMULATED AMORTIZATIONS AND IMPAIRMENT LOSSES			
Cost of attracting customers	393,153	64,417	457,570
Costs of fulfilling customer contracts	160,175	33,988	194,163
	553,328	**98,405**	**651,733**
	162,123	**(5)**	**162,118**

	31-12-2021	INCREASES	31-12-2022
ACQUISITION COST			
Cost of attracting customers	556,967	66,505	623,472
Costs of fulfilling customer contracts	256,884	29,956	286,840
	813,851	**96,461**	**910,312**
ACCUMULATED AMORTIZATIONS AND IMPAIRMENT LOSSES			
Cost of attracting customers	457,570	64,580	522,150
Costs of fulfilling customer contracts	194,163	33,405	227,568
	651,733	**97,985**	**749,718**
	162,118	**(1,524)**	**160,594**

Contract costs refers to commissions paid to third parties and other costs related to raising customers' loyalty contracts, including portability costs. These costs are amortised, systematically and consistently, with the transfer to customers of goods or services to which the asset is related (between 2 and 4 years).

11. Rights of use

In the financial years ended on 31 December 2021 and 2022, the movements in this item were as follows:

	31-12-2020	INCREASES	DISPOSALS AND WRITE-OFFS	TRANSFERS AND OTHERS	31-12-2021
ACQUISITION COST					
Telecommunications towers and rooftops	138,590	4,226	-	105	142,921
Movie theatres	114,332	3,990	-	-	118,322
Transponders	91,709	78	-	-	91,787
Equipments	132,737	16,324	-	-	149,061
Buildings	72,979	4,501	-	-	77,480
Fiber optic rental	40,337	(191)	-	-	40,146
Stores	19,596	1,849	-	-	21,445
Others	34,052	7,269	-	-	41,321
	644,332	**38,046**	**-**	**105**	**682,483**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES					**-**
Telecommunications towers and rooftops	45,575	10,562	-	-	56,137
Movie theatres	79,595	8,255	-	1,700	89,550
Transponders	62,540	5,840	-	-	68,380
Equipments	84,777	18,007	-	-	102,784
Buildings	52,119	7,992	-	(1,700)	58,411
Fiber optic rental	28,449	3,570	-	-	32,019
Stores	14,184	2,401	-	-	16,585
Others	16,996	5,558	-	-	22,554
	384,235	**62,185**	**-**	**-**	**446,420**
	260,097	**(24,139)**	**-**	**105**	**236,063**

	31-12-2021	INCREASES	DISPOSALS AND WRITE-OFFS	TRANSFERS AND OTHERS	31-12-2022
ACQUISITION COST					
Telecommunications towers and rooftops	142,921	81,398	-	-	224,319
Movie theatres	118,322	6,001	-	-	124,323
Transponders	91,787	1,965	-	-	93,752
Equipments	149,061	16,919	(70)	-	165,910
Buildings	77,480	13,858	(3)	-	91,335
Fiber optic rental	40,146	(9)	-	-	40,137
Stores	21,445	3,102	-	-	24,547
Others	41,321	2,098	(4)	-	43,415
	682,483	**125,332**	**(77)**	**-**	**807,738**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES					
Telecommunications towers and rooftops	56,137	13,813	-	-	69,950
Movie theatres	89,550	7,772	-	-	97,322
Transponders	68,380	6,172	-	-	74,552
Equipments	102,784	16,424	(70)	-	119,138
Buildings	58,411	7,743	(3)	-	66,151
Fiber optic rental	32,019	3,049	-	-	35,068
Stores	16,585	3,289	-	-	19,874
Others	22,554	5,410	(4)	-	27,960
	446,420	**63,672**	**(77)**	**-**	**510,015**
	236,063	**61,660**	**-**	**-**	**297,723**

The caption "Rights of Use" refers to assets associated with lease contracts. These assets are amortised according to the duration of the respective agreement, except for the lease of equipment with a purchase option that is amortised over the estimated period of use.

12. Investments in jointly controlled companies and associated companies

At 31 December 2021 and 2022, this item was composed as follows:

	31-12-2021	31-12-2022
INVESTMENTS - EQUITY METHOD		
Finstar*	12,550	32,811
Dreamia	2,989	2,347
Mstar	2,029	3,023
Other companies	(552)	780
	17,016	**38,961**
ASSETS	**18,091**	**38,961**
LIABILITIES (NOTE 26)	**(1,075)**	**-**

* Consolidated from Finstar and ZAP Media

Movements in "Investments in jointly controlled companies and associated companies" in the financial year ended on 31 December 2021 and 2022 were as follows:

	12M 21	12M 22
AS AT JANUARY 1	**10,897**	**17,016**
Gains / (losses) of exercise (Note 37)	3,778	22,123
Changes in equity	2,341	(178)
AS AT DECEMBER 31	**17,016**	**38,961**

Amounts related to changes in equity of the companies registered by the equity method of consolidation are mainly related to foreign exchange impacts of the investment in currencies other than euro.

The assets, liabilities and results of the jointly controlled companies and associated companies in the financial year ended on 31 December 2021 and 2022, are as follows:

31-12-2021								
ENTITY	**NON-CURRENT ASSETS**	**CURRENT ASSETS**	**NON-CURRENT LIABILITIES**	**CURRENT LIABILITIES**	**EQUITY**	**REVENUE**	**NET INCOME**	**% HELD**
Sport TV	81,857	67,376	5,920	131,009	12,304	236,924	1,140	25%
Dreamia	294	18,087	6,708	5,529	6,144	16,108	(585)	50%
Finstar	62,579	111,165	-	131,912	41,832	150,791	16,248	30%
Mstar	549	11,757	-	7,125	5,181	3,795	1,203	30%
Upstar	1,184	36,392	17,096	19,208	1,272	21,280	35	30%
Big Picture 2 Films	744	2,791	546	2,456	533	2,708	(16)	20%
Dualgrid	7	229	-	166	70	388	30	50%
Dreamia S.L.	14,752	744	6,180	1,878	7,438	1,232	(609)	50%
	161,966	**248,541**	**36,450**	**299,283**	**74,774**	**433,226**	**17,446**	

31-12-2022								
ENTITY	**NON-CURRENT ASSETS**	**CURRENT ASSETS**	**NON-CURRENT LIABILITIES**	**CURRENT LIABILITIES**	**EQUITY**	**REVENUE**	**NET INCOME**	**% HELD**
Sport TV*	84,507	99,229	71	159,280	24,385	208,331	12,080	25%
Dreamia	876	16,985	6,924	6,066	4,871	16,568	(1,272)	50%
Finstar	77,697	199,314	-	167,640	109,371	339,309	68,907	30%
Mstar	1,064	16,336	-	9,009	8,391	30,665	2,927	30%
Upstar	976	20,089	-	18,873	2,192	21,423	920	30%
Big Picture 2 Films	770	893	522	780	361	3,270	(172)	20%
Dualgrid	6	267	-	176	97	516	38	50%
Dreamia S.L.	14,967	1,126	6,363	2,302	7,428	2,213	(9)	50%
	180,863	**354,239**	**13,880**	**364,126**	**157,096**	**622,295**	**83,419**	

* During the 2021 financial year, Sport TV changed the annual reporting period from 31 December to 30 June (aligning with the period of the football seasons), therefore, in the accounts presented in the table above, revenues and net income correspond to the values relating to the reported period of 12 months of each of the financial years.

Indicators presented in the tables above do not include consolidated adjustments which were considered when determining the Group's interest in the results, assets and liabilities of jointly controlled and associated companies.

In the financial year ended on 31 December 2022, the assets, liabilities and results of jointly controlled company ZAP Media (100% held by Finstar) are:

31-12-2022							
ENTITY	NON-CURRENT ASSETS	CURRENT ASSETS	NON-CURRENT LIABILITIES	CURRENT LIABILITIES	EQUITY	REVENUE	NET INCOME
ZAP Media	29,113	24,833	-	39,566	14,380	50,268	11,835

The differences between the individual accounts (prepared in accordance with Angolan regulations) and the Finstar Group (Finstar + ZAP Media) correspond, predominantly, to the annulment of balances and transactions between the companies and the adjustment because the companies were in a hyperinflationary economy from 2017 to September 2019 (IAS 29).

The Group has several controls regarding the reporting process of its jointly controlled and associated companies. The amounts included in the reported financial statements are subject to audit in cases where it is legally required. In the remaining cases and in those where the audit has not been completed, specific review procedures are carried out by the Group.

The Board of Directors believes that the seizure of assets to Mrs. Isabel dos Santos, in the specific case of the shares held by her in Finstar, ZAP Media, Mstar and Upstar (where she holds 70% of the capital

13. Accounts receivable - other

At 31 December 2021 and 2022, this item was composed as follows:

	31-12-2021		31-12-2022	
	CURRENT	NON CURRENT	CURRENT	NON CURRENT
Accounts receivables	4,916	6,674	5,646	5,640
Advances to suppliers	14,240	-	11,965	-
	19,156	**6,674**	**17,611**	**5,640**
Impairment of other receivable	(764)	(760)	(979)	(882)
	18,392	**5,914**	**16,632**	**4,758**

At 31 December 2022, this item corresponds predominantly to:

- short-term loans, medium and long-term loans from Group and interests' receivable; and
- associated companies, the amount receivable of 2.8 million euros from the sale of NOS International Carrier Services.

The summary of movements in impairment of other receivable in other accounts receivable is as follows:

	12M 21	12M 22
AS AT JANUARY 1	**1,501**	**1,524**
Increases (Note 36)	183	231
Utilizations / Others	(160)	106
AS AT DECEMBER 31	**1,524**	**1,861**

14. Taxes payable and receivable

At 31 December 2021 and 2022, these items were composed as follows:

	31-12-2021		31-12-2022	
	RECEIVABLE	PAYABLE	RECEIVABLE	PAYABLE
NON CURRENT				
Debt regularization	149	-	369	-
	149	**-**	**369**	**-**
CURRENT				
Value-added tax (VAT)	2,117	12,682	6,484	21,891
Income taxes	-	2,780	-	13,070
Personnel income tax witholdings	-	1,887	-	1,883
Social Security contributions	-	1,887	-	1,865
Others	421	123	422	133
	2,538	**19,359**	**6,906**	**38,842**
	2,687	**19,359**	**7,275**	**38,842**

At 31 December 2021 and 2022, the amounts of CIT (Corporate Income Tax) receivable and payable were composed as follows:

	31-12-2021	31-12-2022
Estimated current tax on income	(25,829)	(45,776)
Payments on account	21,493	30,596
Withholding income taxes	911	966
Others	645	1,144
	(2,780)	**(13,070)**

In the financial year ended on 31 December 2022, the item "Tax processes" includes liabilities, related to ongoing tax processes, of which highlights:

- Future credits transferred: for the financial year ended at 31 December 2010, NOS SA was notified of the Report of Tax Inspection, when it is considered that the increase, when calculating the taxable profit for the year 2008, of the amount of 100 million euros, with respect to initial price of future credits transferred to securitization, is inappropriate. Given the principle of periodization of taxable income, NOS SA was subsequently notified of the improper deduction of the amount of 20 million euros in the calculation of taxable income between 2009 and 2013. Given that the increase made in 2008 was not accepted due to not complying with Article 18 of the CIRC, also in the years following, the deduction corresponding to credits generated in that year, will eliminate the calculation of taxable income, to meet the annual amortization hired as part of the operation (20 million per year for 5 years). NOS SA challenged the decisions regarding the 2009 to 2013 fiscal year and will appeal for the judicial review in due time the decision regarding the 2008 to 2013 fiscal year. Regarding the year 2008, the Administrative and Fiscal Court of Porto has already decided unfavorably, in March 2014. The company has appealed.

  In March 2021, NOS SA was notified of the dismissal issued by the Court of Appeal. Not accepting the decision, NOS filed a Review Appeal with the Supreme Administrative Court, pending, in this regard, the issuance of the respective admissibility order.

  In May 2022, NOS was notified of the decision which did not admit the review appeal. An appeal has been filed against the Constitutional Court with suspensive effects on the transit of that non-admission decision. In addition to that appeal, an application was lodged in the file for recognition of the invalidity of the decision, for lack of reasoning. Both expedients are pending consideration and decision.

- Supplementary Capital: the fiscal authorities believe that NOS SA has broken the principle of full competition under the terms of (1) of Article 58 of the Corporate Tax Code (CIRC) – currently Article 63 –, by granting supplementary capital to its subsidiary NOS, without having been remunerated at a market interest rate. In consequence, it has been notified, with regard to the years 2004, 2005, 2006 and 2007 of corrections to the determination of its taxable income in the total amount of 20.5 million euros. NOS SA contested the decision with regard to all the above-mentioned years. As for the year 2004, the Court has decided favorably. This decision is concluded (favorably), originating a reversal of provisions, in 2016, in the amount of 1.3 million euros plus interest. As for the years 2006 and 2007, the Porto Fiscal and Administrative Court has already decided unfavorably. As for the year 2005, the Court decided favorably, having been concretized by the Tax Authorities, which meant the provision reversal of one million euros, in 2018.

15. Other non-current financial assets

On 31 December 2021 and 2022, this caption is composed as follows:

	31-12-2021	31-12-2022
Fundo TechTransfer	637	963
Didimo	-	1,415
Seems Possible	800	800
Reckon.ai	250	500
MindProber	-	500
SkillAugment	-	300
Others	387	770
	2,074	**5,248**

During the financial year ended on 31 December 2022, NOS reinforced its investment in start-up Reckon.ai and invested in the start-up Didimo, which develops photo-based 3D digital avatars, in the start-up MindProber, which has developed a pioneering platform capable of measuring the emotional impact that multimedia content has on consumers, and in the start-up SkillAugment (KIT-AR), which develops solutions using emerging technologies such as augmented reality and artificial intelligence.

16. Income tax expense

NOS and its subsidiaries are subject to IRC - Corporate Income Tax - at the rate of 21% on taxable amount (taxable profit less eventual tax losses subject to deduction), plus IRC surcharge at the maximum rate of 1.5% on taxable profit, giving an aggregate rate of approximately 22.5%. Additionally, following the introduction of austerity measures approved by Law 66-B/2012 of 31 December, and respective addendum published by Law 114/2017 of 29 December, this rate was raised by 3% and will be applied to the company's taxable profit between 1.5 million euros and 7.5 million euros, by 5% to the company's taxable profit which exceeds 7.5 million euros, and by 9% to the company's taxable profit above 35 million euros.

In the calculation of taxable income, amounts, which are not fiscally allowable, are added to or subtracted from the book results. These differences between accounting income and taxable income may be of a temporary or permanent nature.

NOS is taxed in accordance with the Special Regime for Taxation of Corporate Groups, which covers the companies in which it directly or indirectly holds at least 75% of their share capital and which fulfil the requirements of Article 69 of the IRC Code.

The companies covered by the Special Regime for Taxation of Corporate Groups in 2022 are:

- NOS (parent company)
- Empracine
- Lusomundo Imobiliária
- Lusomundo SII
- NOS Açores
- NOS Audiovisuais
- NOS Audiovisuais SGPS
- NOS Cinemas
- NOS Comunicações
- NOS Inovação
- NOS Internacional SGPS
- NOS Audio – Sales and Distribution
- NOS Madeira
- NOS Mediação de Seguros
- NOS Sistemas
- NOS Technology
- NOS Wholesale
- NOS Corporate Center
- NOS Property
- Per-mar
- Sontária
- Teliz

Under current legislation, tax declarations are subject to review and correction by tax authorities for a period of four years, except when tax losses have occurred or tax benefits have been obtained, whose term, in these cases, matches the deadline to use them. It should be noted that in the event of inspections, appeals, or disputes in progress, these periods might be extended or suspended.

The Board of Directors of NOS, based on information from its tax advisers, believes that these and any other revisions and corrections to these tax declarations, as well as other contingencies of a fiscal nature, will not have a significant effect on the consolidated financial statements as at 31 December 2022.

A) Deferred tax

NOS and its associated companies have reported deferred tax relating to temporary differences between the taxable basis and the book amounts of assets and liabilities, and tax losses carried forward at the date of the statement of financial position. The movements in deferred tax assets and liabilities for the financial year ended on 31 December 2021 and 2022 were as follows:

	31-12-2020	INCOME (NOTE B)	EQUITY	31-12-2021
DEFERRED INCOME TAX ASSETS				
Impairment of other receivable	8,221	(1,690)	-	6,531
Inventories	1,993	546	-	2,539
Other provision and adjustments	44.698	(3,053)	-	41,645
Intragroup gains	19,672	1,220	-	20,892
Liabilities recorded as part of the allocation of fair value to the liabilities acquired in the merger	4,979	(11)	-	4,968
Assets recognised under application of IFRS 16	2,994	1,745	-	4,739
Derivatives	225	(52)	(97)	76
	82,782	**(1,295)**	**(97)**	**81,390**
DEFERRED INCOME TAX LIABILITIES				
Tax litigation	44,286	(2,119)	-	42,167
Revaluations of assets as part of the allocation of fair value to the assets acquired in the merger	2,592	(163)	-	2,429
Derivatives	-	24	92	116
Others	2,433	181	-	2,614
	49,311	**(2,077)**	**92**	**47,326**
NET DEFERRED TAX	**33,471**	**782**	**(189)**	**34,064**

	31-12-2021	INCOME (NOTE B)	EQUITY	31-12-2022
DEFERRED INCOME TAX ASSETS				
Impairment of other receivable	6,531	2,757	-	9,288
Inventories	2,539	40	-	2,579
Other provision and adjustments	41.645	(1,884)	-	39,761
Intragroup gains	20,892	5,959	-	26,851
Liabilities recorded as part of the allocation of fair value to the liabilities acquired in the merger	4,968	(103)	-	4,865
Assets recognised under application of IFRS 16	4,739	1,421	-	6,160
Derivatives	76	12	(38)	50
	81,390	**8,202**	**(38)**	**89,554**
DEFERRED INCOME TAX LIABILITIES				
Tax litigation				
Revaluations of assets as part of the allocation of fair value to the assets acquired in the merger	2,429	(194)	-	2,235
Derivatives	116	(26)	2,397	2,487
Others	2,614	171	-	2,785
	47,326	**402**	**2,397**	**50,125**
NET DEFERRED TAX	**34,064**	**7,800**	**(2,435)**	**39,429**

At 31 December 2022, the deferred tax assets related to the other provisions and adjustments are mainly due:

- Impairments and acceleration of amortizations beyond the acceptable fiscally and other adjustments in fixed tangible assets and intangible assets, amounted to 31.2 million euros (31 December 2021: 31.8 million euros); and
- Other provisions amounted to 8.6 million euros (31 December 2021: 9.6 million euros).

The revaluations of assets refer to the appreciation of telecommunications licenses and other assets at the merger of Group companies.

At 31 December 2022, deferred tax assets were not recognised for an amount of 0.4 million euros, corresponding mainly to tax incentives and losses.

Deferred tax assets were recognised when it is probable that taxable profits will occur in future that may be used to absorb tax losses or deductible tax differences. This assessment was based on the business plans of the Group's companies, which are regularly revised and updated.

At 31 December 2022, the tax rate used to calculate the deferred tax assets relating to tax losses carried forward was 21% (2021: 21%). In the case of temporary differences, the rate used was 22.5% (2021: 22.5%) increased to a maximum of 6.5% (2021: 6.5%) of state surcharge when the taxation of temporary differences in the estimated period of application of the state surcharge was perceived as likely. Tax benefits, related to deductions from taxable income, are considered 100%, and in some cases, their full acceptance is conditional upon the approval of the authorities that grants such tax benefits.

Under the terms of Article 88 of the IRC Code, the Company is subject to autonomous taxation on a series of charges at the rates set out in that Article.

With the State Budget for 2023, tax losses will have no time limit for carry forward, but there will be a limitation on their deduction up to 65% of the taxable profit generated.

B) Effective tax rate reconciliation

In the financial year ended on 31 December 2021 and 2022, the reconciliation between the nominal and effective rates of tax was as follows:

	4º QUARTER 21	12M 21	4º QUARTER 22	12M 22
Income before taxes	20,098	155,636	34,957	257,107
Statutory tax rate	22.5%	22.5%	22.5%	22.5%
ESTIMATED TAX	**4,522**	**35,018**	**7,865**	**57,849**
Permanent differences	403	(1,082)	(5,387)	(17,373)
Tax benefits	(8,343)	(21,747)	(1,717)	(11,601)
State surcharge	(753)	4,373	1,519	9,458
Autonomous taxation	160	609	154	630
Others	96	(5,388)	(747)	(6,300)
INCOME TAXES	**(3,915)**	**11,783**	**1,687**	**32,663**
Effective Income tax rate	-19.5%	7.6%	4.8%	12.7%
Income tax	(3,084)	12,565	6,699	40,463
Deferred tax	(831)	(782)	(5,012)	(7,800)
	(3,915)	**11,783**	**1,687**	**32,663**

At 31 December 2021 and 2022, the permanent differences were composed as follows:

	4º QUARTER 21	12M 21	4º QUARTER 22	12M 22
Equity method (Note 37)	1,140	(3,601)	(5,148)	(22,123)
Capital gains i)	-	-	(17,497)	(54,702)
Others	652	(1,208)	(1,298)	(388)
	1,792	**(4,809)**	**(23,943)**	**(77,213)**
	22.5%	22.5%	22.5%	22.5%
	403	**(1,082)**	**(5,387)**	**(17,373)**

i) In the year ended 31 December 2022, the item of Capital gains refers, predominantly, to capital gains generated from the sale of mobile sites, taxed at 50%, resulting from the intention to reinvest the realisation value of assets held for more than one year.

Additionally, the amount registered as fiscal benefits relates to the register of deferred taxes and the use of tax benefits for which there was no record of deferred taxes: SIFIDE (Business Research and Development Tax Incentives System), a tax benefit introduced by Law 40/2005 of 3 August and RFAI (Investment Tax Incentive Regime) introduced by Law 10/2009 of 10 March; and provisions for used tax incentives. The reduction in the year ended 31 December 2022 results, predominantly, from the recognition, in 2021, of tax incentives relating to the year 2020 and 2021, and in 2022, of tax incentives relating to the year itself.

17. Inventories

At 31 December 2021 and 2022, this item was composed as follows:

	31-12-2021	31-12-2022
INVENTORIES		
Telco	52,467	75,818
Audiovisuals	482	566
	52,949	**76,384**
IMPAIRMENT OF INVENTORIES		
Telco	(8,935)	(9,161)
	(8,935)	**(9,161)**
	44,014	**67,223**

The movements occurred in impairment adjustments were as follows:

	12M 21	12M 22
AS AT JANUARY 1	**7,292**	**8,935**
Increase and decrease - Cost of products sold (Note 34)	4,329	1,817
Utilizations / Others	(2,686)	(1,591)
AS AT DECEMBER 31	**8,935**	**9,161**

18. Accounts receivable – trade

At 31 December 2021 and 2022, this item was as follows:

	31-12-2021	31-12-2022
Trade receivables	454,610	444,218
Unbilled revenues	66,952	89,805
	521,562	**534,023**
Impairment of trade receivable	(197,628)	(214,582)
	323,934	**319,441**

The amounts to be invoiced correspond mainly to the value of contractual obligations already met or partially met and whose invoicing will occur subsequently.

The movements occurred in impairment adjustments were as follows:

	12M 21	12M 22
AS AT JANUARY 1	**195,165**	**197,628**
Increases and decreases (Note 36)	8,730	19,333
Penalties	25,667	18,365
Utilizations / Others	(31,944)	(20,744)
AS AT DECEMBER 31	**197,628**	**214,582**

Penalties correspond to the invoiced penalties, in the period, for which the full expected credit losses are registered, and the register was made by deduction from the respective revenue.

19. Contract assets

At 31 December 2022, the contract assets, in the amount of 60.1 million euros (31 December 2021: 61.8 million euros), correspond to discounts, attributed to customers at the time of the sale of equipment (included in the telecommunications packages) and which are allocated to monthly fees / services rendered, within the scope of the allocation of credits to different types of performance obligations, according to IFRS 15. These assets are deferred, at the time of sale of the equipment, and recognised over the contract period (service rendered).

20. Prepaid expenses

At 31 December 2021 and 2022, this item was composed as follow:

	31-12-2021	31-12-2022
Programming costs i)	18,473	21,091
Costs related to specific corportate projects	9,010	10,941
Costs of litigation procedure activity ii)	4,750	5,591
Repair and maintenance	927	1,875
Insurance	1,038	1,333
Advertising	872	132
Others iii)	9,808	11,269
	44,878	**52,232**

i) Programming costs correspond to costs inherent to the availability of channels, namely fixed fees, billed in advance. This cost is recognised in the period in which the channel is made available and transmitted, and recognised as a programming cost, in the Consolidated Income Statement.

ii) Deferred costs related to collection actions correspond to services paid in advance to external entities as part of the processes for recovering customer debts / collection actions. These costs are recognised as the service is provided.

iii) "Others" includes deferred costs, mainly related to expenses to be recognised from various supplies and external services, such as specialized works, maintenance and repair work and others, billed in advance by suppliers (quarterly or annual billing), the respective expense being recognised in the income statement as the service is provided.

21. Derivative financial instruments

Interest rate derivatives

At 31 December 2022, NOS have 3 interest rate swaps in a total amount of 180 million euros (31 December 2021: 150 million euros), with forward start on September 2022.

Own shares derivatives

During the financial year ended on 31 December 2022, NOS early terminated its derivatives on own shares that hedged the delivery of share plans to be settled in cash, following a change in the estimate on how to deliver these plans (Note 47).

Exchange rate derivatives

At the date of the statement of the financial position there are foreign currency forwards open worth 41,147 thousand euros (31 December 2021: 6,268 thousand euros).

	31-12-2021				
		ASSETS		LIABILITIES	
	NOTIONAL	CURRENT	NON CURRENT	CURRENT	NON CURRENT
Interest rate swaps	150,000	-	-	10	-
Equity Swaps	3,004	-	105	323	-
Exchange rate forward	6,268	61	256	4	-
	159,272	**61**	**361**	**337**	**-**

	31-12-2022				
		ASSETS		LIABILITIES	
	NOTIONAL	CURRENT	NON CURRENT	CURRENT	NON CURRENT
Interest rate swaps	180,000	-	10,947	-	-
Exchange rate forward	41,147	-	302	397	-
	221,147	**-**	**11,249**	**397**	**-**

Movements during the financial year ended on 31 December 2021 and 2022 were as follows:

	31-12-2020	INCOME	EQUITY	31-12-2021
Fair value interest rate swaps	(51)	1	40	(10)
Fair value exchange rate forward	-	(4)	317	313
Fair value equity swaps	(950)	342	390	(218)
DERIVATIVES	**(1,001)**	**339**	**747**	**85**
Deferred income tax liabilities	-	(24)	(92)	(116)
Deferred income tax assets	225	(52)	(97)	76
DEFERRED INCOME TAX	**225**	**(76)**	**(189)**	**(40)**
	(776)	**263**	**558**	**45**

	31-12-2021	INCOME	EQUITY	31-12-2022
Fair value interest rate swaps	(10)	-	10,957	10,947
Fair value exchange rate forward	313	(157)	(251)	(95)
Fair value equity swaps	(218)	32	186	-
DERIVATIVES	**85**	**(125)**	**10,892**	**10,852**
Deferred income tax liabilities	(116)	26	(2,397)	(2,487)
Deferred income tax assets	76	12	(38)	50
DEFERRED INCOME TAX	**(40)**	**38**	**(2,435)**	**(2,437)**
	45	**(87)**	**8,457**	**8,415**

22. Cash and cash equivalents

At 31 December 2021 and 2022, this item was composed as follows:

	31-12-2021	31-12-2022
Cash	523	1,017
Other deposits	125	-
Terms deposits	10,254	14,198
Cash and cash equivalents	**10,902**	**15,215**
Bank overdrafts (Note 25)	731	7,136
Cash and cash equivalents for the purposes of the Cash Flow Statement	**10,171**	**8,079**

At 31 December 2021 and 2022, there are 8.4 million euros and 5.6 million euros, respectively, recorded in the item "Current deposits" whose use is restricted, because they are held by the Capital Fund NOS 5G, subscribed by NOS.

23. Shareholder's equity

23.1. SHARE CAPITAL

At 31 December 2021 and 2022, the share capital of NOS was 5,151,613.80 euros and 855,167,890.80 euros, respectively. At 31 December 2022, the share capital is represented by 515,161,380 shares registered book-entry shares, with a nominal value of 1.66 euro each (2021: 1 euro cent each).

The main shareholders as of 31 December 2021 and 2022 are:

	31-12-2021		31-12-2022	
	NUMBER OF SHARES	% SHARE CAPITAL	NUMBER OF SHARES	% SHARE CAPITAL
Sonaecom, SGPS, S.A.	-	-	134,322,268	26.07%
ZOPT, SGPS, SA	268,644,537	52.15%	134,322,269	26.07%
Sonae, SGPS, S.A.	38,000,000	7.38%	55,524,516	10.78%
Mubadala Investment Company	25,758,569	5.00%	25,758,569	5.00%
TOTAL	**332,403,106**	**64.52%**	**349,927,622**	**67.93%**

At the General Meeting of ZOPT SGPS, S.A., held on 28 September 2022, it was decided to proceed with the amortization of Sonaecom's stake in that company, and the refund of additional payments made by it, for a consideration that includes the delivery of shares representing 26.075% of the share capital of NOS. As a result of this amortization, Sonaecom is no longer a shareholder of ZOPT, which is now wholly owned by Unitel International Holdings, BV and Kento Holding Limited, companies controlled by Isabel dos Santos. Therefore, a shareholding in NOS of 36.855% of the share capital and voting rights is now attributable to Sonae, as a result of the direct holding of 10.78% and an indirect holding of 26.075%. The update of the shareholder structure is subject to the completion of legal procedures.

23.2. CAPITAL ISSUED PREMIUM

On 27 August 2013, following the completion of the merger between ZON and Optimus SGPS, the Company's share capital was increased by 856,404,278 euros, corresponding to the total number of issued shares (206,064,552 shares), based on the closing market price of 27 August 2013. The capital increase is detailed as follows:

- share capital in the amount of 2,060,646 euros;
- premium for issue of shares in the amount of 854,343,632 euros.

Additionally, the premium for issue of shares was deducted for an amount of 125 thousand euros related to costs with the respective capital increase.

- The capital issued premium is subject to the same rules as for legal reserves and can only be used:
- To cover part of the losses on the balance of the year that cannot be covered by other reserves;
- To cover part of the losses carried forward from the previous year that cannot be covered by the net income of the year or by other reserves;
- To increase the share capital.

On 21 April 2022, was approved in the Annual General Meeting of shareholders of NOS SGPS, an increase of share capital, by incorporation of share premium, in the amount of 850,016,277.00, through the increase of the nominal value of the total shares representing the share capital in the amount of 1.65€. The nominal value of each share is now 1.66€.

As of 31 December 2022, the amount of share issue premium is 4,202,356 euros (2021: 854,218,633 euros).

23.3.OWN SHARES

Company law regarding own shares requires the establishment of a non-distributable reserve of an amount equal to the purchase price of such shares, which becomes frozen until the shares are disposed of or distributed. In addition, the applicable accounting rules determine that gains or losses on the disposal of own shares are stated in reserves.

At 31 December 2022 there were 4,008,391 own shares, representing 0.7781% of share capital (31 December 2021: 3,002,427 own shares, representing 0.5828% of the share capital).

The movements occurred in the financial year ended on 31 December 2021 and 2022 were as follows:

	QUANTITY	VALUE
BALANCE AS AT 1 JANUARY 2021	**3,424,754**	**14,859**
Acquisition of own shares	687,000	2,069
Distribution of own shares - share incentive scheme	(963,026)	(3,977)
Distribution of own shares - other remunerations	(146,301)	(598)
BALANCE AS AT 31 DECEMBER 2021	**3,002,427**	**12,353**
BALANCE AS AT 1 JANUARY 2022	**3,002,427**	**12,353**
Acquisition of own shares	1,868,129	7,087
Distribution of own shares - share incentive scheme	(791,257)	(3,186)
Distribution of own shares - other remunerations	(70,908)	(286)
BALANCE AS AT 31 DECEMBER 2022	**4,008,391**	**15,968**

23.4. RESERVES

Legal reserve

Company law and NOS Articles of Association establish that at least 5% of the Company's annual net profit must be used to build up the legal reserve until it corresponds to 20% of the share capital. This reserve cannot be distributed except in the event of liquidation of the company, but it may be used to absorb losses after all other reserves have been exhausted, or for incorporation in the share capital.

Other reserves

Under Portuguese law, the amount of distributable reserves is determined according to the individual financial statements of the company prepared in accordance with IAS / IFRS. Thus, on 31 December 2022 NOS had reserves, which by their nature are considered distributable for an amount of approximately 342.3 million euros, not including the net income.

Dividends

The General Meeting held on April 21, 2021 approved the Board of Directors' proposal to pay an ordinary dividend per share of 0.278 euros, in the amount of 143,215 thousand euros. The dividend attributable to own shares amounted to approximately 838 thousand euros. The dividends were paid on May 6, 2021.

The General Meeting of Shareholders held on April 21, 2022 approved the Board of Directors' proposal to pay an ordinary dividend per share of €0.278 thousand, in the amount of €143,215 thousand. The dividend attributable to own shares amounted to approximately 858 thousand euros. The dividend was paid on May 9, 2022.

24.Non-controlling interests

The movements of the non-controlling interests occurred during the financial year ended on 31 December 2021 and 2022 and the results attributable to non-controlling interests for the year are as follows:

	31-12-2020	ATTRIBUTABLE PROFITS	OTHERS	31-12-2021
NOS Madeira	5,320	(31)	-	5,289
NOS Açores	1,365	(276)	-	1,090
	6,685	**(306)**	**-**	**6,379**

	31-12-2021	ATTRIBUTABLE PROFITS	OTHERS	31-12-2022
NOS Madeira	5,289	142	1	5,432
NOS Açores	1,090	(272)	1	819
	6,379	**(130)**	**2**	**6,251**

25. Borrowings

At 31 December 2021 and 2022, the composition of borrowings was as follows:

	31-12-2021		31-12-2022	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
LOANS - NOMINAL VALUE	**233,064**	**807,500**	**350,136**	**655,000**
Debenture loan	150,000	440,000	300,000	290,000
Commercial paper	64,000	367,500	43,000	365,000
Foreign loans	18,333	-	-	-
Bank overdrafts	731	-	7,136	-
LOANS - ACCRUALS AND DEFERRALS	**2,678**	**(638)**	**2,832**	**(541)**
LOANS - AMORTISED COST	**235,742**	**806,862**	**352,968**	**654,459**
LEASES	**65,326**	**468,679**	**74,485**	**555,722**
	301,068	**1,275,541**	**427,453**	**1,210,181**

During the financial year ended on 31 December 2022, the average cost of debt of the used lines was approximately 1.2% (2021: 1.2%).

The average global financing cost (used and unused lines) during the financial year ended on 31 December 2022 was approximately 1.3% (2021: 1.4%).

At 31 December 2022 there is no default in terms of capital, interest, conditions for redemption on loans payable or other commitments.

25.1. DEBENTURE LOANS

At 31 December 2022, NOS has a total amount of 590 million euros of bonds issued:

- A bond issue for an amount of 300 million euros in May 2018, whose maturity occurs in May 2023. The issue bears interest at a fix rate and it is paid annually.
- A bond loan in the amount 50 million euros placed by BPI bank in June 2019 and maturing in June 2024. The loan bears interest at variable rates, indexed to Euribor and paid semi-annually.
- A bond loan in the amount 50 million euros placed by Caixa Geral de Depósitos in July 2019 and maturing in July 2024. The loan bears interest at variable rates, indexed to Euribor and paid semi-annually.
- A bond loan in the amount 25 million euros placed by Medio Banca in July 2019 and maturing in July 2024. The loan bears interest at variable rates, indexed to Euribor and paid semi-annually.
- A bond loan in the amount of 15 million euros placed by BPI in July 2021 and maturing in July 2026.The loan bears interest at a variable rate, indexed to the Euribor and paid on a quarterly basis.
- A bond loan in the amount of 75 million euros placed by Caixa Geral de Depósitos in March 2022 and maturing in March 2027. The loan bears interest at variable rates, indexed to Euribor and paid semi-annually.
- A bond loan in the amount of 75 million euros placed by BPI in July 2022 and maturing in March 2027. The loan bears interest at variable rates, indexed to Euribor and paid quarterly.

At 31 December 2022, an amount of 2,409 thousand euros, corresponding to interest and commissions, was added to this amount and recorded in the item "Loans - accruals and deferrals".

25.2.COMMERCIAL PAPER

At 31 December 2022, the Company has borrowings of 408 million euros in the form of commercial paper, of which 5,5 million euros were issued under securities without underwriting. The total amount contracted, under underwriting securities, is of 710 million euros, corresponding to 13 programmes, with 6 banks, 572.5 million euros of which bear interest at market rates and 137.5 million euros are issued in fixed rate. Commercial paper programmes with maturities over one-year totaling 660 million euros (of which 365 million euros have been used as of 31 December 2022) are classified as non-current, since the Company can renew unilaterally current issues on or before the programmes' maturity dates and because they are underwritten by the organizer. As such, this amount, although having a current maturity, it was classified as non-current for presentation purposes in the financial position statement.

At 31 December 2022 an amount of 119 thousand euros, corresponding to interest and commissions, was deducted to this amount, and recorded in the item "Loans - accruals and deferrals".

25.3. LEASES

At 31 December 2021 and 2022, the leases refer mainly to rental agreements for telecommunications towers, movie theaters, equipment, shops and vehicles, exclusive acquisition of satellite capacity and rights to use distribution network capacity.

The movements in lease liabilities for the financial years ended 31 December 2021 and 2022 are as follows:

	31-12-2020	RIGHTS OF USE (NOTE 11)	INTEREST (NOTE 41)	PAYMENTS	OTHERS	31-12-2021
Telecommunications towers and rooftops	395,252	4,226	21,800	(42,528)	-	378,750
Movie theatres	39,612	3,990	495	(11,361)	-	32,736
Transponders	38,955	78	1,848	(8,835)	-	32,046
Equipments	43,492	16,324	554	(21,084)	-	39,286
Buildings	26,694	4,501	361	(9,504)	-	22,052
Fiber optic rental	10,369	(191)	48	(2,976)	-	7,250
Stores	6,460	1,849	75	(2,724)	-	5,660
Others	14,475	7,269	421	(4,860)	(1,080)	16,225
	575,309	**38,046**	**25,602**	**(103,872)**	**(1,080)**	**534,005**

	31-12-2021	RIGHTS OF USE (NOTE 11)	INTEREST (NOTE 41)	PAYMENTS	OTHERS	31-12-2022
Telecommunications towers and rooftops	378,750	132,145	22,774	(50,108)	-	483,561
Movie theatres	32,736	6,001	382	(9,755)	-	29,364
Transponders	32,046	1,965	1,470	(6,825)	-	28,656
Equipments	39,286	16,919	499	(17,624)	-	39,080
Buildings	22,052	13,858	328	(9,407)	-	26,831
Fiber optic rental	7,250	(9)	43	(2,725)	-	4,559
Stores	5,660	3,102	64	(3,553)	-	5,273
Others	16,225	2,098	367	(5,807)	-	12,883
	534,005	**176,079**	**25,927**	**(105,804)**	**-**	**630,207**

In the financial year ended 31 December 2022, the increases in lease liabilities for new rights of use is higher than the increases in rights of use (Note 11), amounting to €50.7 million, as a result of the sale transaction (Note 8) and subsequent lease of sites to Cellnex.

Leases – payments

	31-12-2021	31-12-2022
Until 1 year	89,711	120,515
Between 1 and 5 years	256,137	305,011
Over 5 years	369,302	420,531
	715,150	**846,057**
Future financial costs (lease)	(181,145)	(215,850)
PRESENT VALUE OF LEASE LIABILITIES	**534,005**	**630,207**

Leases – present value

	31-12-2021	31-12-2022
Until 1 year	65,326	74,485
Between 1 and 5 years	113,002	214,269
Over 5 years	355,677	341,453
	534,005	**630,207**

The maturities of the loans obtained are as follows:

	UNTIL 1 YEAR	31-12-2021 BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	UNTIL 1 YEAR	31-12-2022 BETWEEN 1 AND 5 YEARS	OVER 5 YEARS
Debenture loan	152,511	439,385	-	302,944	289,466	-
Commercial paper	64,410	367,477	-	42,888	364,993	-
Foreign loans	18,090	-	-	-	-	-
Bank overdrafts	731	-	-	7,136	-	-
Leases	65,326	113,002	355,677	74,485	214,269	341,453
	301,068	**919,864**	**355,677**	**427,454**	**868,728**	**341,453**

26. Provisions

At 31 December 2021 and 2022, the provisions were as follows:

	31-12-2021	31-12-2022
Litigation and other - i)	32,468	32,158
Financial investments - ii)	1,075	-
Dismantling and removal of assets - iii)	22,326	22,294
Contingent liabilities - iv)	23,707	22,908
Contingencies - other - v)	2,940	3,907
	82,516	**81,267**

i) At 31 December 2022, the amount under the item "Litigation and other" corresponds to provisions to cover the legal and others claims in-progress.

ii) The amount presented in the "Financial Investments" caption corresponds to the responsibilities assumed by the Group towards the associated companies and jointly controlled entities, other than the investment made (Note 12);

iii) The amount under the item "Dismantling and removal of assets "refers to the estimated future costs discounted to the present value, related with the termination of the use of the space where there are telecommunication towers and cinemas;

iv) The amount in the item "Contingent liabilities" refers to several provisions recorded for present but not likely obligations, related to the merger by incorporation of Optimus SGPS, namely:

a. Extraordinary contribution toward the fund for the compensation of the net costs of the universal service of electronic communications (CLSU): The Extraordinary contribution toward the fund for the compensation of the net costs of the universal service of electronic communications (CLSU) is legislated in Articles 17 to 22 of Law no 35/2012, of 23 August. From 1995 until June 2014, MEO, SA (former PTC) was the sole provider for the universal service of electronic communications, having been designated administratively by the government, i.e. without a formal contest procedure led by the government for that effect, which constitutes an illegality, by the way acknowledged by the European Court of Justice who, through its decision taken in June 2014, condemned the Portuguese State to pay a fine of 3 million euros for illegally designating MEO. In accordance with Article 18 of the abovementioned Law 35/2012, of 23 August, the net costs incurred by the operator responsible for providing the universal service, approved by ANACOM, must be shared between other companies who provide, in national territory public communication networks and publicly accessible electronic communications services. NOS is therefore within the scope of this extraordinary contribution given that MEO has being requesting the payment of CLSU to the compensation fund of the several periods during which it was responsible for providing the services. In accordance with law, the compensation fund can be activated to compensate the net costs of the electronic communications universal service, relative to the period before the designation of the provider by tender, whenever, cumulatively (i) there are net costs, considered excessive, the amount of which is approved by ANACOM, following an audit to their preliminary calculation and support documents, which are provided by the universal service provider, and (ii) the universal service provider requester the Government compensation for the net costs approved under the terms previously mentioned.

Therefore:

- In 2013, ANACOM deliberated to approve the final results of the CLSU audit presented by MEO, relative to the period from 2007 to 2009, in a total amount of 66.8 million euros, a decision that was contested by the Company. In January 2015, ANACOM issued the settlement notes in the amount of 18.6 million euros related to NOS, SA, NOS Madeira and NOS Açores which were contested by NOS and for which a bail was presented by NOS SGPS (Note 44) to avoid Tax Execution Proceedings. The guarantees have been accepted by ANACOM.

- In 2014, ANACOM deliberated to approve the final results of the CLSU audit by MEO, relative to the period from 2010 to 2011, in a total amount of 47.1 million euros, a decision also contested by NOS. In February 2016, ANACOM issued the settlement notes in the amount of 13 million euros, related to NOS, SA, NOS Madeira and NOS Açores which were also contested and for which it was before also presented bail by NOS SGPS in order to avoid the promotion of respective tax enforcement processes. The guarantees that have been accepted by ANACOM.

- In 2015, ANACOM deliberated to approve the final results of the audit to CLSU presented by MEO relative to the period from 2012 to 2013, in the amount of 26 million euros and 20 million euros, respectively, and as the others, it was contested by NOS. In December 2016, the notices of settlement were issued relating to NOS, SA, NOS Madeira and NOS Açores, corresponding to that period, in the amount of 13.6 million euros which were contested by NOS and for which guarantees have been already

presented by NOS SGPS in order to avoid the promotion of the respective proceedings of tax execution. The guarantees were also accepted by ANACOM.

- In 2016, ANACOM approved the results of the audit to the CLSU presented by MEO related with the period between January and June 2014, for an amount of 7.7 million euros that was contested by NOS, in standard terms.

- In 2017, NOS, SA, NOS Madeira and NOS Açores were notified of the decision of ANACOM concerning the entities that are obliged to contribute toward the compensation fund and the setting of the values of contributions corresponding to CLSU that must be compensated and relating to the months of 2014 in which MEO still remained as provider of the Universal Service, which establishes for all these companies a contribution around 2.4 million euros. In December 2017, the settlement notes relating to NOS, SA, NOS Madeira and NOS Açores, concerning that period, were issued in the amount of approximately 2.4 million euros, which were challenged by NOS and for which guarantees have also been presented by NOS SGPS, in order to avoid the promotion of their tax enforcement procedures. The guarantees were also accepted by ANACOM.

It is the opinion of the Board of Directors of NOS that these extraordinary contributions to Universal Service (not designated through a tender procedure) flagrantly violate the Directive of Universal Service. Moreover, considering the existing legal framework since NOS began its activity, the request of payment of the extraordinary contribution violates the principle of the protection of confidence, recognised on a legal and constitutional level in Portuguese domestic law. For these reasons, NOS has judicially challenged either the approval of audit results of the universal service net cost related with the pre-contest period as well as the liquidation of each and every extraordinary contributions that may be required. In September 2021, the Lisbon Administrative Circle Court ruled as unfounded the action regarding the administrative challenge of the results of the CLSU 2007-2009 audit, which NOS appealed in October 2021. The Board of Directors is convinced it will be successful in both challenges and appeals undertaken;

v) The amount under the caption "Contingencies - other" refers to provisions for risks related to miscellaneous events/disputes of various kinds, the settlement of which may result in outflows of cash, and other likely liabilities related to several transactions from previous periods, and whose outflow of cash is probable, namely, costs charged to the current period or previous years, for which it is not possible to estimate reliably the time of occurrence of the expense.

During the financial year ended on 31 December 2021, movements in provisions were as follows:

	31-12-2020	INCREASES	DECREASES	OTHERS	31-12-2021
Litigation and other	24,756	6,069	(3,854)	5,497	32,468
Financial investments	-	1,075	-	-	1,075
Dismantling and removal of assets	21,604	453	-	269	22,326
Contingent liabilities	23,720	-	(13)	-	23,707
Contingencies - other	3,265	9,159	(895)	(8,589)	2,940
	73,345	**16,756**	**(4,762)**	**(2,823)**	**82,516**

During the financial year ended on 31 December 2021, increases refer mainly to provisions for legal claims and others plus respective interests and charges, and the decreases refer mainly to the reassessment of several contingencies.

During the financial year ended on 31 December 2022, movements in provisions, were as follows:

	31-12-2021	INCREASES	DECREASES	OTHERS	31-12-2022
Litigation and other	32,468	4,202	(4,512)	-	32,158
Financial investments	1,075	-	(1,075)	-	-
Dismantling and removal of assets	22,326	500	(1,158)	626	22,294
Contingent liabilities	23,707	-	(799)	-	22,908
Contingencies - other	2,940	3,794	(62)	(2,765)	3,907
	82,516	**8,496**	**(7,606)**	**(2,139)**	**81,267**

During the financial year ended on 31 December 2022, the increases refer mainly to compensation to employees, provisions for legal and other claims plus interests and charges, and the decreases refer mainly to the reassessment and prescription of several legal contingencies.

The movements recorded in "Others", under the heading "Contingencies - other" correspond, predominantly, to compensations to employees.

The net movements for the financial year ended on 31 December 2021 and 2022 reflected in the income statement under Provisions were as follows:

	12M 21	12M 22
Provisions and adjustments (Note 36)	776	(1,603)
Losses / (gains) of affiliated companies, net (Note 37)	1,075	(1,075)
Other losses / (gains) non-recurrent (Note 39)	8,224	3,786
Interests - dismantling	453	(658)
Other	1,466	440
INCREASES AND DECREASES IN PROVISIONS	**11,994**	**890**

27. Accrued expenses

At 31 December 2021 and 2022, this item was composed as follows:

	31-12-2021	31-12-2022
NON-CURRENT		
Others	497	-
	497	**-**
CURRENT		
Investments in tangible and intangible assets	18,689	40,116
Invoices to be issued by operators	31,365	39,314
Costs related to specific projects of business customers	20,775	30,494
Vacation pay and bonuses	23,020	24,320
Professional services	11,087	16,306
Advertising	16,567	15,084
Content and film rights	16,810	13,205
Programming services	12,370	11,779
Energy and water	3,427	5,495
Comissions	5,761	5,198
Costs of litigation procedure activity	4,705	4,033
Maintenance and repair	1,963	1,699
Other accrued expenses	9,245	5,387
	175,784	**212,430**

Amounts related to invoices to be billed by operators, mainly international operators, regarding interconnection costs related with international traffic and roaming services.

28. Deferred income

At 31 December 2021 and 2022, this item was composed as follows:

	31-12-2021		31-12-2022	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Advanced billing i)	35,206	-	37,844	-
Investment subsidy ii)	397	4,230	346	2,824
	35,603	**4,230**	**38,190**	**2,824**

i) This item relates mainly to the billing of Pay TV services regarding the following month to the report period and amounts received from NOS Comunicações, SA customers, related with the recharges of mobile phones and purchase of telecommunications minutes yet unused.

ii) Deferred income related to the implicit subsidy when the BEI loans were obtained at interest rates below market value (Note 25).

29. Accounts payable - trade

At 31 December 2021 and 2022, this item was composed as follows:

	31-12-2021	31-12-2022
Suppliers current account	279,138	252,195
Invoices in reception and conference	855	1,160
	279,993	**253,355**

30. Accounts payable - other

At 31 December 2021 and 2022, this item was composed as follows:

	31-12-2021	31-12-2022
NON-CURRENT		
Contractual rights	38,502	42,128
	38,502	**42,128**
CURRENT		
Fixed assets suppliers	32,422	47,437
Contractual rights	264	1,934
Advances from customers	220	191
Others	2,733	4,227
	35,639	**53,789**
	74,141	**95,917**

The caption Contractual Rights refers to the liability to be settled over 20 years, related with the contractual right acquired with the agreement celebrated between NOS Comunicações, S.A., NOS Technology S.A., and Vodafone Portugal, Comunicações Pessoais, S.A with the aim of sharing mobile support network infrastructures (passive infrastructure such as towers and masts) and active mobile network (active radio equipment such as antennas, amplifiers and other equipment), as disclosed to the market on 22 October 2020.

31. Operating revenues

Consolidated operating revenues, for the financial year ended on 31 December 2021 and 2022, were as follows:

	4º QUARTER 21	12M 21	4º QUARTER 22	12M 22
SERVICES RENDERED:				
Communications service revenues i)	311,958	1,226,432	322,859	1,276,828
Revenue distribution and cinematographic exhibition ii)	9,222	19,139	11,377	35,539
Advertising revenue iii)	7,174	20,745	6,578	19,883
Production and distribution of content and channels iv)	6,897	26,074	7,815	25,767
Others	846	2,858	1,669	4,724
	336,097	**1,295,248**	**350,298**	**1,362,741**
SALES:				
Telco v)	39,189	103,404	34,500	115,771
Audiovisuals and cinema exhibition vi)	3,106	5,782	3,819	12,273
	42,295	**109,186**	**38,319**	**128,044**
OTHER OPERATING REVENUES:				
Telco	6,583	24,741	8,756	29,150
Audiovisuals and cinema exhibition	407	1,124	136	1,072
	6,990	**25,865**	**8,892**	**30,222**
	385,382	**1,430,299**	**397,509**	**1,521,007**

These operating revenues are shown net of inter-company eliminations.

i) This item mainly includes revenue relating to: (a) basic channel subscription packages that can be sold in a bundle with fixed broadband/fixed voice services; (b) premium channel subscription packages and S-VOD; (c) terminal equipment rental; (d) consumption of content (VOD); (e) traffic and mobile and fixed voice termination; (f) service activation; (g) mobile broadband access; and (h) other additional services (ex: firewall, antivirus) and services rendered related to datacenter management and consulting services in IT.

ii) This item mainly includes (a) box office revenue at the NOS Cinemas, and (b) revenue relating to film distribution to other cinema exhibitors in Portugal.

iii) This item includes advertising revenues on television channels and NOS cinemas.

iv) This item includes revenues related to production of audiovisual content, thought the compilation of acquired contents, and distribution of channels, essentially TVCines.

v) Revenue relating to the sale of terminal equipment, telephones, and mobile phones.

vi) This item mainly includes sales of bar products by NOS Cinemas and DVD sales.

This item includes earned income related with non-compliances and contractual penalties, as well as other supplementary income of diverse natures.

32. Wages and salaries

In the financial year ended on 31 December 2021 and 2022, this item was composed as follows:

	4º QUARTER 21	12M 21	4º QUARTER 22	12M 22
Remuneration	15,085	61,906	16,591	63,899
Social taxes	4,293	16,809	4,208	17,088
Social benefits	550	2,090	516	2,041
Other	1,028	1,231	1,546	2,870
	20,956	**82,036**	**22,861**	**85,898**

In the financial year ended on 31 December 2021 and 2022, the average number of employees of the companies included in the consolidation was 2,364 and 2,386, respectively. At 31 December 2022, the number of employees of the companies included in the consolidation was 2,448 employees.

The costs of compensations paid to employees, since they are non-recurring costs, are recorded in the item "Restructuring costs" (Note 39).

33. Direct Costs

In the financial year ended on 31 December 2021 and 2022, this item was composed as follows:

	4º QUARTER 21	12M 21	4º QUARTER 22	12M 22
Exhibition costs	50,476	195,379	49,953	188,232
Traffic costs	18,125	69,604	21,118	73,427
Costs related to corporate customers services	12,306	43,664	17,607	51,711
Capacity costs	5,494	16,271	5,599	17,991
Shared advertising revenues	4,860	14,261	4,795	13,658
	91,261	**339,179**	**99,072**	**345,019**

34. Cost of products sold

In the financial year ended on 31 December 2021 and 2022, this item was composed as follows:

	4º QUARTER 21	12M 21	4º QUARTER 22	12M 22
Costs of products sold	37,015	94,746	34,093	112,745
Increases / (decreases) in inventories impairments (Note 17)	2,836	4,329	617	1,817
	39,851	**99,075**	**34,710**	**114,562**

35. Support services and supplies and external services

In the financial years ended on 31 December 2021 and 2022, this item was composed as follows:

	4º QUARTER 21	12M 21	4º QUARTER 22	12M 22
SUPPORT SERVICES:				
Call centers and customer support	9,284	36,558	10,606	34,757
Administrative support and others	8,843	31,944	9,309	32,475
Information systems	5,610	16,355	5,051	16,233
	23,737	**84,857**	**24,967**	**83,466**
SUPPLIES AND EXTERNAL SERVICES:				
Maintenance and repair	12,314	43,993	12,070	46,935
Leasing of ducts and poles	7,545	29,097	7,013	27,838
Electricity	6,040	19,979	7,199	29,097
Professional services	2,934	11,373	3,152	11,249
Installation and removal of terminal equipment	1,437	5,020	1,377	5,281
Communications	1,033	4,236	95	3,117
Travel and accommodation	475	1,214	909	2,780
Other supplies and external services	7,683	22,308	5,907	28,941
	39,461	**137,220**	**37,722**	**155,238**

During the financial year ended on 31 December 2021 and 2022, given the application of IFRS 16, (practical expedient to consider the changes / concessions related to COVID-19 as not being a modification to the lease) discounts from rents were recognised, on the item "Other Supplies and external services", in the amount of approximately 7.8 million euros and 2.5 million euros, respectively.

36. Provisions and adjustments

In the financial year ended on 31 December 2021 and 2022, these items were composed as follows:

	4º QUARTER 21	12M 21	4º QUARTER 22	12M 22
Provisions (Note 26)	2,102	776	(1,513)	(1,603)
Impairment of account receivables - trade (Note 18)	3,151	8,730	6,166	19,333
Impairment of account receivables - others (Note 13)	8	183	66	231
Others	1	(10)	(2,728)	(2,728)
	5,262	**9,679**	**1,991**	**15,233**

In the year ended 31 December 2022, the item Others, corresponds predominantly to an estimate for recovery of amounts paid under the RERD (Special Regime for Settlement of Tax Debts), resulting from favourable judicial decisions.

37. Losses / (gains) of affiliated companies, net

In financial year ended on 31 December 2021 and 2022, this item was composed as follows:

	4º QUARTER 21	12M 21	4º QUARTER 22	12M 22
EQUITY METHOD (NOTE 12)				
Dreamia	549	379	740	641
Finstar	570	(4,874)	(3,975)	(20,672)
Mstar	(24)	(340)	(321)	(876)
Upstar	7	(11)	(270)	(276)
Others	(24)	1,068	(1,322)	(940)
	1,078	**(3,778)**	**(5,148)**	**(22,123)**
OTHERS	**62**	**177**	**-**	**-**
	1,140	**(3,601)**	**(5,148)**	**(22,123)**

38. Depreciation, amortization and impairment losses

In the financial year ended on 31 December 2021 and 2022, this item was composed as follows:

	4º QUARTER 21	12M 21	4º QUARTER 22	12M 22
TANGIBLE ASSETS				
Buildings and other constructions	14,981	15,398	1,644	10,801
Basic equipment	26,816	153,859	63,785	200,375
Transportation equipment	-	1	-	1
Tools and dies	16	60	13	59
Administrative equipment	1,022	4,267	179	3,082
Other tangible assets	75	372	107	388
	42,910	**173,957**	**65,728**	**214,706**
INTANGIBLE ASSETS				
Industrial property and other rights	23,181	84,904	27,012	104,507
	23,181	**84,904**	**27,012**	**104,507**
CONTRACT COSTS				
Contract costs	24,472	98,405	24,447	97,985
	24,472	**98,405**	**24,447**	**97,985**
RIGHTS OF USE				
Rights of use	16,096	62,185	18,139	63,672
	16,096	**62,185**	**18,139**	**63,672**
INVESTIMENT PROPERTY				
Investment property	4	16	4	16
	4	**16**	**4**	**16**
	106,663	**419,467**	**135,331**	**480,887**

During the financial year ended on 31 December 2022, NOS revised the depreciation rates (reduced the estimated useful lives) of terminal equipment placed in customers' homes, leading to an increase in Depreciation, amortization and impairment losses amounting to 15.0 million euros (Note 2.3.3).

39. Restructuring Costs

In the financial year ended on 31 December 2021 and 2022, this item was composed as follows:

	4º QUARTER 21	12M 21	4º QUARTER 22	12M 22
Personnel compensation (Note 26)	1,723	8,224	2,398	3,786
Personnel costs related to non-recurrent projects	76	315	40	215
	1,799	**8,539**	**2,438**	**4,001**

40. Other losses / (gains) non-recurrent, net

In the financial year ended on 31 December 2021 and 2022, the other non-recurring costs / (gains) was composed as follows:

	4º QUARTER 21	12M 21	4º QUARTER 22	12M 22
GAINS:				
Legal Processes	-	-	7	6,345
Others	-	-	415	415
	-	**-**	**422**	**6,760**
COSTS:				
Others	388	1,279	207	3,147
	388	**1,279**	**207**	**3,147**
TOTAL	**388**	**1,279**	**(215)**	**(3,613)**

In the financial year ended on 31 December 2022, an income/receivable of 6.3 million euros was estimated resulting from favorable decisions in proceedings initiated by the company.

41. Financing costs and other financials expenses / (income), net

In the financial year ended on 31 December 2021 and 2022, financing costs and other financial expenses / (income) were composed as follows:

	4º QUARTER 21	12M 21	4º QUARTER 22	12M 22
FINANCING COSTS:				
INTEREST EXPENSE:				
Borrowings	2,430	10,061	3,541	10,303
Finance leases	6,296	25,602	7,274	25,927
Derivatives	17	65	36	60
Others	1,252	1,984	(442)	720
	9,995	**37,712**	**10,409**	**37,010**
INTEREST EARNED	**(823)**	**(3,594)**	**(2,365)**	**(5,432)**
	9,172	**34,118**	**8,044**	**31,578**
NET OTHER FINANCIAL EXPENSES /(INCOME):				
Comissions and guarantees	566	2,566	656	2,917
Others	172	557	122	402
	738	**3,123**	**778**	**3,319**

Interest earned mainly corresponds to default interests charged to customers.

42. Net earnings per share

Earnings per share for the financial year ended on 31 December 2021 and 2022 were calculated as follow:

	4º QUARTER 21	12M 21	4º QUARTER 22	12M 22
Consolidated net income attributable to shareholders	24,138	144,159	33,293	224,574
Number of ordinary shares outstanding during the period (weighted average)	512,158,953	512,096,301	511,152,989	511,538,616
Basic earnings per share - euros	0.05	0.28	0.07	0.44
Diluted earnings per share - euros	0.05	0.28	0.07	0.44

In the above periods, there were no diluting effects on net earnings per share, so the diluted earnings per share are equal to the basic earnings per share.

43. Guarantees and financial undertakings

43.1. GUARANTEES

At 31 December 2021 and 2022, the Group had furnished sureties, guarantees, and comfort letters in favour of third parties corresponding to the following situations:

	31-12-2021	31-12-2022
Tax authorities i)	33,034	33,155
Others ii)	11,695	13,757
	44,729	**46,912**

i) At 31 December 2021 and 2022, this amount relates to guarantees demanded by the tax authorities in connection with tax proceedings contested by the Company and its subsidiaries (Note 46).

ii) At 31 December 2021 and 2022, this amount mainly relates to guarantees provided in connection with Municipal Wayleave Tax proceedings and guarantees provided to cinema owners, and bank guarantees given to providers of satellite capacity renting services.

In connection with the finance obtained by Upstar from Banco Comercial Português, totalling 10 million euros, NOS signed a promissory note, proportional to the participation held, of 30% of the loan.

During the first quarterly of 2015, 2016, 2017 and 2018, and following the settlement notes to CLSU 2007-2009, 2010-2011, 2012-2013 and 2014, respectively, NOS constituted guarantees in favour of the Universal Service Compensation Fund in the amount of 23.6 million euros, 16.7 million euros, 17.5 million euros and 3.0 million euros, respectively, in order to prevent the introduction of tax enforcement proceedings in order to enforce recovery of the amounts paid.

In addition to the guarantees required by the tax authorities, sureties were set up for the current fiscal processes, which NOS was a surety for NOS SA for an amount of 14.6 million euros.

43.2. OTHER UNDERTAKINGS

Assignment agreements football broadcast rights

In December 2015, NOS signed a contract with Sport Lisboa e Benfica - Futebol SAD and Benfica TV, SA of television rights of home matches of football NOS' league, broadcasting rights and distribution of Benfica TV Channel. The contract began in 2016/2017 sports season, had an initial duration of three years, and might be renewed by decision of either party up to a total of 10 sports seasons, with the overall financial consideration reaching the amount of 400 million euros, divided into progressive annual amounts.

Also in December 2015, NOS signed a contract with Sporting Clube de Portugal - Futebol SAD and Sporting and Communication Platforms, S.A. for the assignment of the following rights:

1) TV broadcasting rights and multimedia home games of Sporting SAD;
2) The right to explore the static and virtual advertising at Stadium José Alvalade;
3) The right of transmission and distribution of Sporting TV Channel;
4) The right to be its main sponsor.

The contract will last 10 seasons, concerning the rights indicated in 1) and 2) above, starting in July 2018, 12 seasons in the case of the rights stated in 3) starting in July 2017 and 12 and a half seasons in the case of the rights mentioned in 4) beginning in January 2016, with the overall financial consideration amounting to 446 million euros, divided into progressive annual amounts.

Also in December 2015, NOS SA has signed contracts regarding the television rights of home senior team football games with the following sports clubs:

1) Associação Académica de Coimbra – Organismo Autónomo de Futebol, SDUQ, Lda
2) Os Belenenses Sociedade Desportiva Futebol, SAD
3) Clube Desportivo Nacional Futebol, SAD
4) Futebol Clube de Arouca – Futebol, SDUQ, Lda
5) Futebol Clube de Paços de Ferreira, SDUQ, Lda
6) Marítimo da Madeira Futebol, SAD
7) Sporting Clube de Braga – Futebol, SAD
8) Vitória Futebol Clube, SAD

The contracts began in the 2019/2020 sports season and last up to 7 seasons, apart from the contract with Sporting Clube de Braga - Futebol, SAD which lasts 9 seasons.

In May 2016, NOS and Vodafone have agreed on reciprocal availability, for several sports seasons, of sports content (national and international) owned by the companies, in order to assure to both companies, directly by the assigning party or indirectly through the transfer to third party content distribution channels or models, the availability of broadcasting rights of the sports clubs home football games, as well as the broadcasting and distribution rights of sports and sports clubs channels, whose rights are owned by each of the companies in each moment. The agreement came into force from the beginning of the sports season 16/17, assuring access to Benfica's channel and Benfica's home football games to NOS' and Vodafone's clients, independent from the channel where these football games are broadcast.

Considering that the contract signed allowed for the possibility of extending the agreement to the other operators, in July 2016 MEO and Cabovisão joined the agreement, ending the lack of availability of Porto Canal in the NOS's channel grid, assuring that every Pay TV client can have access to every relevant sports content, regardless of which operator they use.

Following the agreement signed with the remaining operators, which is being made directly in some cases and through channel yield to third parties in others, as a counterpart of the reciprocal provision of rights, the global costs are shared according with retailer telecommunications revenues and Pay TV market shares.

The estimated cash flows are estimated as follows:

Seasons	2022/23	Following
Estimated cash-flows with the contract signed by NOS with the sports entities*	113.6 M€	498.3 M€
NOS estimated cash-flows for the contracts signed by NOS (net amounts charged to the operators) and for the contracts signed by the remaining operators	58.9 M€	264.4 M€

* Includes direct broadcasts of games and channels, advertising and others.

Considering that, following the celebrated agreements with the remaining operators, the risks and benefits associated to contracts with teams are shared amongst the operators, the agreement was considered a collaborative agreement. For this reason, the revenue (with operators) is compensated with the expenses with teams.

Network sharing contract with Vodafone

NOS and Vodafone Portugal celebrated on 29 September 2017 an agreement of infrastructure development and sharing with a nationwide scope. This partnership allows the two Operators providing their commercial offers under a shared network at the beginning of 2018.

The agreement covers the reciprocal sharing of dark fibre in approximately 2.6 million of homes in which each of the entities shares with the other one an equivalent investment value, in other words, they share similar goods. It is assumed that both companies retain full autonomy, independence, and confidentiality concerning the design of the commercial offers, the management of the customers' database and the choice of technological solutions they might decide to implement, that did not originate any impact on the consolidated financial statements (according to IAS 16, this exchange of similar non-monetary assets will be presented on a net basis).

The partnership has also been extended to mobile infrastructure sharing where it is agreed a minimum sharing of 200 mobile towers.

Celebrated agreements regarding the sharing of mobile network support infrastructure

On 22 October 2020, NOS Comunicações S.A. and NOS Technology, on the one hand, and Vodafone Portugal, Comunicações Pessoais, S.A., on the other hand, celebrated a set of agreements regarding the sharing of mobile network support infrastructure (passive infrastructures such as towers and poles) and activemobile network elements (active radio equipment such as antennas, amplifiers and remaining equipment).These agreements have the following characteristics:

a) the agreements have a nationwide scope with diverse geographical application according to the higher or lower level of population density. In higher density geographies, typically larger urban areas, the parties will pursue synergies by sharing support infrastructure. In lower density areas, typically rural and interior locations, in addition to shared use of support infrastructure, the parties will also share active mobile network.

b) the agreements focus on assets currently held, or that may be held by each party in the future, and on existing 2G, 3G and 4G technology. Incorporation of 5G technology in these agreements will depend on each to deploy this technology.

c) the agreements do not encompass spectrum sharing between the operators and each party will maintain exclusive strategic control of its networks, thus ensuring full competitive, strategic and commercial independence and the ability to differentiate in terms of customer service and provision.

Each party retains the ability to develop its mobile communications network independently.

These agreements will enable NOS to invest more efficiently by capturing value through synergies. NOS will also be able to deploy its mobile network faster and in a more environmentally responsible way, thus benefitting customers and remaining stakeholders.

Sharing of mobile infrastructure represents an important contribution towards greater geographical cohesion and digital inclusion, both of which are essential to the sustainable development of the country.

44. Notes to the cash flow report

The statement of cash flows has been prepared in accordance with the provision of IAS 7, with the following points to note:

44.1. CASH RECEIPTS RESULTING FROM FINANCIAL INVESTMENTS

This item was composed as follows:

	12M 21	12M 22
Disposal NOS International Carrier Services	-	1,100
	-	**1,100**

44.2. CASH PAYMENTS RESULTING FROM FINANCIAL INVESTMENTS

This item was composed as follows:

	12M 21	12M 22
Fundo Tech Transfer	419	682
Didimo	-	1,415
Seems Possible	800	-
Reckon.Ai	250	250
MindProber	-	500
SkillAugment	-	300
	1,469	**3,147**

44.3. EARNINGS PER SHARE

This item was composed as follows:

	12M 21	12M 22
NOS SGPS	142,376	142,357
	142,376	**142,357**

44.4. BORROWINGS

This item presents, by net value, the reimbursements, and respective monthly issue renewals of commercial paper programs

45. Related parties

45.1. BALANCES AND TRANSACTIONS BETWEEN RELATED PARTIES

Transactions and balances between NOS and companies of the NOS Group were eliminated in the consolidation process and are not subject to disclosure in this note.

The balances at 31 December 2021 and 2022 and transactions in the financial period ended on 31 December 2021 and 2022 between NOS Group and its associated companies, joint ventures and other related parties are as follows:

Balances at 31 December 2021

	Balances at 31 December 2021		
	ACCOUNTS RECEIVABLES AND PREPAID EXPENSES	ACCOUNTS PAYABLE AND DEFERRED INCOME	BORROWINGS
ASSOCIATED COMPANIES	**24,273**	**13,574**	**-**
Big Picture 2 Films	8	1,287	-
Sport TV	24,265	12,287	-
JOINTLY CONTROLLED COMPANIES	**11,261**	**1,149**	**3,004**
Dreamia Holding BV	88	-	2,993
Dreamia SA	1,335	500	10
Finstar	9,214	66	-
Upstar	449	383	-
ZAP Media	142	142	-
DUALGRID	32	58	-
OTHER RELATED PARTIES	**8,037**	**4,209**	**-**
Banco BIC Português, S.A.	209	0	-
Cascaishopping- Centro Comercial, S.A.	217	271	-
Centro Colombo Centro Comercial, SA	487	682	-
Centro Vasco da Gama-Centro Comercial,SA	367	723	-
Continente Hipermercados, SA	102	1	-
Fashion Division, S.A.	135	-	-
MDS Corretor de Seguros, SA	109	-	-
Modelo Continente Hipermercados,SA	1,180	35	-
Norteshopping-Centro Comercial, S.A.	186	623	-
S21SEC Portug-Cyber Security Services,SA	119	1,136	-
SC-Consultadoria,SA	174	-	-
Sierra Portugal, SA	425	(4)	-
Sonae MC – Serviços Partilhados, SA	1,080	-	-
UNITEL S.a.r.l.	112	255	-
Worten-Equipamento para o Lar,SA	1,842	370	-
Other related parties	1,294	117	-
	43,571	**18,932**	**3,004**

Transactions in the financial year ended on 31 December 2021

	31-12-2021			
	SERVICES RENDERED	SUPPLIES AND EXTERNAL SERVICES	INTEREST GAINS	INTEREST LOSSES
ASSOCIATED COMPANIES	**70,870**	**83,275**	**-**	**-**
Big Picture 2 Films	13	1,682	-	-
Sport TV[1)]	70,857	81,593	-	-
JOINTLY CONTROLLED COMPANIES	**11,660**	**(42)**	**89**	**-**
Dreamia Holding BV	-	-	88	-
Dreamia SA	3,989	(307)	1	-
Finstar	7,367	(1)	-	-
Mstar	(2)	-	-	-
Upstar	307	66	-	-
DUALGRID	0	200	-	-
OTHER RELATED PARTIES	**25,578**	**13,956**	**-**	**4**
Adira - Metal Forming Solutions, S.A.	103	-	-	-
Banco Bic Português, S.A.	1,798	-	-	-
Capwatt Services, SA	139	-	-	-
Cascaishopping- Centro Comercial, S.A.	13	557	-	-
Centro Colombo- Centro Comercial, S.A.	18	1,465	-	-
Centro Vasco da Gama-Centro Comercial,SA	30	918	-	-
Continente Hipermercados, S.A.	485	28	-	-
Digitmarket-Sistemas de Informação,SA	(114)	1,397	-	-
Fashion Division, S.A.	175	-	-	-
Gaiashopping I- Centro Comercial, S.A.	20	203	-	-
Insco Insular de Hipermercados, S.A.	188	40	-	-
Maiashopping- Centro Comercial, S.A.	9	174	-	-
MDS Corretor de Seguros, SA	1,147	-	-	-
Modalfa-Comércio e Serviços,SA	335	-	-	-
Modelo Continente Hipermercados,SA	5,669	146	-	-
Modelo - Dist.de Mat. de Construção,S.A.	139	-	-	-
Norteshopping-Centro Comercial, S.A.	23	1,092	-	-
Olivedesportos- Publicidade Televisão e Media SA	15	3,326	-	-
PHARMACONTINENTE - Saúde e Higiene, S.A.	359	-	-	-
Público - Comunicação Social, SA	131	-	-	-
S21SEC Portug-Cyber Security Services,SA	47	2,472	-	-
SC-Consultadoria,SA	904	-	-	-
SDSR - Sports Division SR, S.A.	209	-	-	-
SFS, Gestão e Consultoria, S.A.	12	-	-	-
Sierra Portugal, SA	2,209	101	-	-
Solinca Classic, S.A.	253	-	-	-
Sonae Arauco Portugal, S.A.	288	-	-	-
Sonaecom - Serviços Partilhados, S.A	153	-	-	-
Sonae MC – Serviços Partilhados, SA	3,803	-	-	-
UNITEL S.a.r.l.	205	66	-	-
Universo, IME, S.A.	241	356	-	-
Worten-Equipamento para o Lar,SA	4,821	775	-	-
ZIPPY - Comércio e Distribuição, SA	165	-	-	-
Other related parties	1,584	839	-	4
	108,109	**97,190**	**89**	**4**

Balances at 31 December 2022

	Balances at 31 December 2022		
	ACCOUNTS RECEIVABLES AND PREPAID EXPENSES	ACCOUNTS PAYABLE AND DEFERRED INCOME	BORROWINGS
ASSOCIATED COMPANIES	**26,212**	**12,775**	**-**
Big Picture 2 Films	5	67	-
Sport TV	26,207	12,708	-
JOINTLY CONTROLLED COMPANIES	**14,224**	**1,116**	**3,082**
Dreamia SA	2,409	410	-
Dreamia Servicios de Televisión, S.L.	102	-	3,082
Finstar	11,261	73	-
Upstar	299	142	-
ZAP Media	142	-	-
MSTAR	11	-	-
DUALGRID	-		-
OTHER RELATED PARTIES	**10,253**	**3,506**	**-**
Banco BIC Português, S.A.	199	-	-
Cascaishopping- Centro Comercial, S.A.	75	152	-
Centro Colombo- Centro Comercial, S.A.	296	522	-
Centro Vasco da Gama-Centro Comercial,SA	699	819	-
Maiashopping- Centro Comercial, S.A.	76	102	-
MC Shared Services, S.A.	1,667	-	-
Modelo Continente Hipermercados,SA	1,577	38	-
Norteshopping-Centro Comercial, S.A.	351	360	-
SC-Consultadoria,SA	341	-	-
Sierra Portugal, SA	299	131	-
Universo, IME, S.A.	110	-	-
Worten-Equipamento para o Lar,SA	3,318	1,275	-
Other related parties	1,262	107	-
	50,689	**17,397**	**3,082**

Transactions in the financial period ended on 31 December 2022

	31-12-2022			
	SERVICES RENDERED	SUPPLIES AND EXTERNAL SERVICES	INTEREST GAINS	INTEREST LOSSES
ASSOCIATED COMPANIES	**63,570**	**77,842**	**-**	**-**
Big Picture 2 Films	80	2,031	-	-
Sport TV[1]	63,490	75,811	-	-
JOINTLY CONTROLLED COMPANIES	**15,308**	**224**	**92**	**-**
Finstar	9,790	-	-	-
Upstar	24	128	-	-
Dreamia Servicios de Televisión, S.L.	-	-	102	-
Dreamia SA	5,494	(175)	(10)	-
DUALGRID	-	271	-	-
OTHER RELATED PARTIES	**28,145**	**11,731**	**-**	**-**
Arrábidashopping- Centro Comercial, S.A.	6	106	-	-
Banco Bic Português, S.A.	1,838	-	-	-
Capwatt Services, SA	187	-	-	-
Cascaishopping- Centro Comercial, S.A.	13	781	-	-
Centro Colombo- Centro Comercial, S.A.	18	1,864	-	-
Centro Vasco da Gama-Centro Comercial,SA	14	835	-	-
Continente Hipermercados, S.A.	477	30	-	-
Cosmos - Viagens e Turismo, SA	-	211	-	-
Fashion Division, S.A.	299	-	-	-
Gaiashopping I- Centro Comercial, S.A.	11	360	-	-
Insco Insular de Hipermercados, S.A.	174	39	-	-
Irmãos Vila Nova III - Imobiliária, S.A.	161	-	-	-
Maiashopping- Centro Comercial, S.A.	10	217	-	-
MC Shared Services, S.A.	2,927	-	-	-
MDS Corretor de Seguros, SA[2]	1,475	-	-	-
Modalfa-Comércio e Serviços,SA	531	-	-	-
Modelo - Dist.de Mat. de Construção,S.A.	137	-	-	-
Modelo Continente Hipermercados,SA	5,952	196	-	-
Norteshopping-Centro Comercial, S.A.	14	1,360	-	-
Olivedesportos- Publicidade Televisão e Media SA[3]	12	1,110	-	-
PHARMACONTINENTE - Saúde e Higiene, S.A.	372	-	-	-
Público-Comunicação Social,SA	124	6	-	-
S21SEC Portug-Cyber Security Services,SA[4]	54	2,392	-	-
SC-Consultadoria,SA	882	-	-	-
SDSR - Sports Division SR, S.A	212	-	-	-
SFS, Gestão e Consultoria, S.A.	14	300	-	-
Sierra Portugal, SA	2,059	245	-	-
Solinca Classic, S.A.	365	-	-	-
Sonae Arauco Portugal, S.A.	280	41	-	-
Sonaecom - Serviços Partilhados, S.A	166	-	-	-
Troiaverde-Expl.Hoteleira Imob.,SA	111	60	-	-
UNITEL S.a.r.l.[5]	159	169	-	-
Universo, IME, S.A.	347	-	-	-
Worten-Equipamento para o Lar,SA	6,872	753	-	-
ZIPPY - Comércio e Distribuição, SA	200	-	-	-
Other related parties	1,672	656	-	-
	107,023	**89,797**	**92**	**-**

(1) In the financial year ended on 31 December 2022, the amount related to Sales and Services Rendered includes about 62 million euros (31 December 2021: 69 million euros), which are not recorded in the consolidated accounts under Sales and Services Rendered, since it is related to the agreement celebrated with the operators, which configures a sharing of costs and benefits, therefore the compensation of the revenue is made with the expenses with the clubs (Note 43.2).

(2) Transactions occurred until the end of December 2022, date on which the company ceased to be a related party.

(3) Transactions occurred until the end of April 2022, date on which the company ceased to be a related party.

(4) Transactions occurred until the end of December 2022, date on which the company ceased to be a related party.

(5) Transactions occurred until the end of October 2022, date on which the company ceased to be a related party.

The financial year ended 31 December 2022 includes amount related to Sales and services rendered includes, about Euro 62 million (2021: Euro 69 million), which are not recorded in the consolidated accounts under Sales and services rendered, since it is related to the agreement celebrated with the operators, which configures a sharing of costs and benefits, therefore the compensation of the revenue is made with the expenses with the clubs (Note 43.2).

The Company regularly performs transactions and signs contracts with several parties within the NOS Group. Such transactions were performed on normal market terms for similar transactions, as part of the contracting companies' current activity.

Due to the large number of low value related parties' balances and transactions, it was grouped in the heading "Other related parties" the balances and transactions with entities whose amounts are less than 100 thousand euros.

45.2. REMUNERATION OF KEY MANAGEMENT MEMBERS

Remuneration paid to managers and other key members of NOS Management (Managers) for the financial years ended on 31 December 2021 and 2022 were as follows:

	12M 21	12M 22
Compensation	3,246	3,393
Profit sharing	1,243	1,290
Share plans assigned	1,243	1,290
	5,732	**5,972**

The average number of key management members in 2022 is 16 (2021: 17).

The Corporate Governance Report includes more detailed information about NOS' remuneration policy. The Company considers as Managers the members of the Board of Directors.

45.3. FEES AND AUDITORS' SERVICES

Information concerning fees and services rendered by auditors is described on note 47 of the Corporate Governance Report.

46. Legal actions and contingent assets and liabilities

46.1. LEGAL ACTIONS WITH REGULATORS AND COMPETITION AUTHORITY (ADC)

- NOS SA, NOS Açores and NOS Madeira brought actions for judicial review of ANACOM's decisions in respect of the payment of the Annual Fee of Activity (for 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020 and 2021) as Electronic Communications Services Networks Supplier, and furthermore the refund of the amounts that meanwhile were paid within the scope of the mentioned acts of settlement was requested. Also NOS Wholesale brought action for judicial review of ANACOM's decision in respect of payment of the Annual Fee of Activity for 2020 and 2021.

  The settlement amounts are, respectively, as follows:

  - NOS SA: 2009: 1,861 thousand euros, 2010: 3,808 thousand euros, 2011: 6,049 thousand euros, 2012: 6,283 thousand euros, 2013: 7,270 thousand euros, 2014: 7,426 thousand euros, 2015: 7,253 thousand euros, 2016: 8,242 thousand euros, 2017: 9,099 thousand euros, 2018: 10,303 thousand euros, 2019: 10,169 thousand euros; 2020: 10,184 thousand euros and 2021: 9,653 thousand euros.
  - NOS Açores: 2009: 29 thousand euros, 2010: 60 thousand euros, 2011: 95 thousand euros, 2012: 95 thousand euros, 2013: 104 thousand euros, 2014: 107 thousand euros, 2015: 98 thousand euros, 2016: 105 thousand euros, 2017: 104 thousand euros, 2018: 111 thousand euros, 2019: 107 thousand euros, 2020: 120 thousand euros and 2021: 123 thousand euros.
  - NOS Madeira: 2009: 40 thousand euros, 2010: 83 thousand euros, 2011: 130 thousand euros, 2012: 132 thousand euros, 2013: 149 thousand euros, 2014:165 thousand euros, 2015: 161 thousand euros, 2016: 177 thousand euros, 2017: 187 thousand euros, 2018: 205 thousand euros, 2019: 195 thousand euros, 2020: 202 thousand euros and 2021: 223 thousand euros.
  - NOS Wholesale: 2020: 36 thousand euros and 2021: 110 thousand euros.

  This fee is a percentage decided annually by ANACOM (in 2009 it was 0.5826%) of operators' electronic communications revenues. NOS SA, NOS Açores, NOS Madeira and NOS Wholsale claim, namely: i) addition to defects of unconstitutionality and illegality, related to the inclusion in the cost accounting of ANACOM of the provisions made by the latter, due to judicial proceedings against the latter (including these appeals of the activity rate) and ii) that only revenues from the electronic communications business per se, subject to regulation by ANACOM, should be considered for the purposes of the application of the percentage and the calculation of the fee payable, and that revenues from television content should be excluded. Nine sentences were handed down on the matter, of which ANACOM appealed to the Central Administrative Court. To date, no judgment has been issued by the TCA in any of these cases.

  The remaining proceedings are awaiting trial and/or decision.

- During the first quarter of 2017, NOS was notified by ANACOM of the initiation of an infraction process related to communications of prices update at the end of 2016, beginning of 2017. In the end of the last trimester of 2020, ANACOM notified NOS of the accusation, with the practice of 4 very severe offences and 1 severe offence related, respectively, with i) the non-communication to customers of the right to rescind the contract with no charges, with (ii and iii) the supposed non-communication of pricing update and with (iv) the adequate advance and, yet, (v) the lack of information to be communicated to ANACOM. However, ANACOM did not present any value for a fine, except in relation to the with severe offence. In this case, NOS is given the possibility to settle the fine by the minimum, in the amount of 13 thousand euros, which NOS did. NOS presented its written defense on 29 January 2021. NOS was notified, in November 2022, of ANACOM's decision that condemned NOS to pay a fine of 5.2 million euros. NOS has challenged the decision in court, pending further developments.

- On 17 July 2020, NOS was notified by the AdC of an illegality note (accusation) related to digital marketing without a google search engine, which accuses the operators MEO, NOS, NOWO and Vodafone of concertation, for a period ranging from between 2010 and 2018, failing to identify a concrete fine. It is not possible, at this moment, to estimate the value of an eventual fine. NOS presented its written defense to the Portuguese Competition Authority (AdC) and an appeal to the Lisbon Court of Appeal, where it challenged the nullity of the obtained evidence. In July 2022, the Lisbon Court of Appeal confirmed NOS position pending further developments. Is the Board of Directors' conviction, taking into account the elements it knows, that will be able to demonstrate the various arguments in favor of its defense.

- On 15 December 2021, NOS was notified by the Portuguese Competition Authority (AdC) of an illegality note (accusation) related to advertising service practices in automatic recordings, which accuses NOS, other operators and a consultant of concertation behavior in the television recordings advertising market. NOS presented its written defense. At the time, it is not possible to estimate whether there will be an acquittal or conviction and, in the case of the latter, the amount of a possible fine. Further developments on the AdC's decision

are awaited. It is the conviction of the Board of Directors, taking into account the elements it knows, that it will be able to demonstrate the various arguments in favor of its defense.

46.2. TAX AUTHORITIES

During the course of the 2003 to 2022 financial years, some companies of the NOS Group were the subject of tax inspections for the 2001 to 2020 financial years. Following these inspections, NOS SGPS, as the controlling company of the Tax Group, and companies not covered by Tax Group, were notified of the corrections made to the Group's tax losses, to VAT and stamp tax and to make the payments related to the corrections made to the above exercises. The total amount of the notifications unpaid is about 36 million euros, added interest, and charges. These settlement notes, which totally were contested, are the respective lawsuits in progress.

Based on the advice obtained from the process representatives and tax consultants, the Board of Directors maintains the belief in a favorable outcome, which is why these proceedings are maintained in court. However, in accordance with the principle of prudence, an assessment of the group's level of exposure to these proceedings is made periodically, in the light of the evolution of case law, and consequently the provisions recorded for this purpose are adjusted. The Group provided the guarantees demanded by the Tax Authorities, related to these processes, according reference in Note 43.

46.3. ACTIONS BY MEO AGAINST NOS SA, NOS MADEIRA AND NOS AÇORES AND BY NOS SA AGAINST MEO

In 2011, MEO brought against NOS SA, in the Judicial Court of Lisbon, a claim for the compensation of 10.3 million of Euros, as compensation for alleged unauthorized portability of NOS SA in the period between March 2009 and July 2011. NOS SA contested, and the Court ordered an expert opinion, meanwhile, deemed without effect. The discussion and trial hearing took place at the end of April and beginning of May 2016, and a judgment was rendered in September of the same year, which considered the action to be partially justified, based not on the occurrence of improper portability, which the Court has determined to restrict itself to those which do not correspond to the will of the proprietor. In that regard, it sentenced NOS to the payment of approximately 5.3 million euros to MEO, a decision of which NOS appealed to the Lisbon Court of Appeal. MEO, on the other hand, was satisfied with the decision and did not appeal against the part of the sentence that acquitted NOS. This Court, in the first quarter of 2018, upheld the decision of the Court of First Instance, except for interests, in which it gave reason to the claims of NOS, in the sense that interests should be counted from the citation to the action and not from the due date of the invoices. NOS filed an extraordinary appeal with the Supreme Court of Justice (SCJ), that appeal which found that the facts established by the Lower Courts were insufficient to resolve on the substance of the case. Consequently, the SCJ ordered that the court under appeal should amplify the facts. The case was transferred to the Court of First Instance for the extension of the facts. In November 2019, the Court of First Instance granted the parties the possibility of requesting the production of supplementary evidence on the subject of the extension, with NOS requesting an expert examination and the repetition of testimonial evidence. In February 2020, the Court considered that the expansion of the matter of fact leads to the need to obtain new evidence, which requires the analysis of the information relating to all portabilities that serve as the basis for the process, determining the carrying out of expert evidence for that purpose. The appointment of the expert occurred on October 2021, and the expected date for completion of the diligence is unknown.

In 2011, NOS SA brought an action in Lisbon Judicial Court against MEO, claiming payment of 22.4 million euros, for damages suffered by NOS SA, arising from violations of the Portability Regulation by MEO, in particular, the large number of unjustified refusals of portability requests by MEO in the period between February 2008 and February 2011. The court declared the performance of expert evidence of technical nature and an economic-financial survey, which were completed in February 2016 and June 2018, respectively. MEO argued for the nullity of the expert economic-financial report, which was dismissed. After the trial, in May 2022, the court partially agreed with NOS, condemning MEO to pay 7.9 million euros, a decision challenged by MEO and NOS by filing appeals in October 2022. It is the understanding of the Board of Directors, corroborated by the attorneys accompanying the process, that it is, in formal and substantive terms, likely that NOS SA will be able to win the lawsuit, due to MEO already having been convicted for the same offences by ANACOM.

46.4. ACTION BROUGHT BY DECO

In March 2018, NOS was notified of a lawsuit brought by DECO against NOS, MEO and NOWO, in which a declaration of nullity of the obligation to pay the price increases imposed on customers at the end of 2016 is requested. In April and May 2018, the operators, including NOS, lodged a defence. The action's value has been fixed at EUR 60,000. After the discussion and trial sessions were held in 2022, the parties are now awaiting the Court's decision. Board of Directors is convinced that the arguments used by the author are not justified, which is why it is believed that the outcome of the proceeding should not result in significant impacts for the Group's financial statements.

46.5. ACTION BROUGHT BY CITIZENS VOICE

In November 2022, NOS was served with a lawsuit filed by Citizens Voice - Consumer Advocacy Association ("Citizens Voice"), where a set of requests related to the automatic activation of pre-defined volumes of mobile data, once the data volume included in the monthly fee contracted by customers has been exhausted. Citizens Voice requests more specifically (i) the judicial declaration of the illegality of this practice for understanding that violates a set of national and European rules, (ii) the recognition of the right of customers to refuse to contract these services, (iii) the return of amounts paid on this basis over the past years by NOS customers, as well as (iv) the payment of compensation in the amount of 100 euros to each customer for alleged moral damages resulting from that practice. In December 2022, NOS presented its response invoking the illegitimacy of Citizens Voice to present the action, namely by the existence of a profit interest, and furthermore defending the lawfulness of the practice and its total transparency and clarity for the respective customers. The Board of Directors is convinced that the arguments used by the plaintiff are unfounded, reason why it is believed that the outcome of the process will not result in significant impacts for the Group's financial statements.

46.6. INTERCONNECTION TARIFFS

At 31 December 2022, accounts receivable and accounts payable include 37,139,253 euros and 43,475,093 euros, respectively, resulting from a dispute between the subsidiary NOS SA and, essentially, the operator MEO – Serviços de Comunicação e Multimédia, S.A. (previously named TMN – Telecomunicações Móveis Nacionais, S.A.), in relation to the non-definition of interconnection tariffs of 2001. In what concerns to that dispute with MEO, the result was totally favourable to NOS S.A., having already become final. In March 2021, MEO filed a new lawsuit against NOS, in which it claimed the price of interconnection services between TMN and Optimus for 2001 at 55$00 (€ 0.2743) per minute. After NOS had lodged an objection challenging MEO's request, a prior hearing was held and, by court decision, NOS was acquitted of the case, with MEO having appealed against this decision. Further developments in the process are awaited, it being the understanding of the Board of Directors, supported by the lawyers who monitor the process, that there are, in substantive terms, good probabilities that NOS SA can win the action.

47. Share incentive scheme

On 23 April 2014, the General Meeting approved the Regulation on Short and Medium-Term Variable Remuneration, which establishes the terms of the Share Incentive Scheme ("NOS Plan"). This plan aimed at more senior employees with the vesting taking place three years being awarded, assuming that the employee is still with the company during that period.

At 31 December 2022, the unvested plans are:

	NUMBER OF SHARES
NOS PLAN	
Plan 2020	1,459,370
Plan 2021	1,320,809
Plan 2022	1,079,152

During the financial year ended on 31 December 2022, the movements that occurred in the plans are detailed as follows:

	NOS PLAN 2019	NOS PLAN 2020	NOS PLAN 2021	PLANO NOS 2022	TOTAL
BALANCE AS AT 31 DECEMBER 2021:	**761,812**	**1,411,601**	**1,276,908**		**3,450,321**
MOVEMENTS IN THE PERIOD:					
Awarded	-	-	-	1,032,100	1,032,100
Vested	(761,064)	(16,081)	(13,236)	(876)	(791,257)
Cancelled / elapsed / corrected [1]	(748)	63,850	57,137	47,928	168,167
BALANCE AS AT 31 DECEMBER 2022	**-**	**1,459,370**	**1,320,809**	**1,079,152**	**3,859,331**

(1) Refers mainly to correction made for dividends paid, exit of employees not entitled to the vesting of shares and other adjustments resulting from the way the shares are vested.

The share plans costs are recognised over the year between the awarding and vesting date of those shares. The responsibility is calculated taking into consideration the share price at award date of each plan, for plans settled in shares, or at the closing date, for plans settled in cash. The responsibility is recorded in Reserves and Accrued Expenses, respectively.

As at 31 December 2022, the outstanding responsibility related to these plans is 6,675 thousand euros and is recorded in Reserves.

The costs recognised in previous years and in the financial year, and its liabilities are as follows:

	ACCRUED EXPENSES	RESERVES	TOTAL
Costs recognised in previous years related to plans as at 31 December 2021	1,262	4,861	6,123
Costs of plans vested in the period	-	(3,281)	(3,281)
Reclassification of plans to settle in cash to reserves	(923)	923	-
Costs incured in the period and others	(339)	4,172	3,833
TOTAL COST OF THE PLANS	**(339)**	**4,172**	**3,833**

In the financial year ended 31 December 2022, plans to be settled in cash were paid for in shares. Additionally, as it is projected that these plans will be paid through the delivery of shares in the following years, the responsibility, valued at fair value, was reclassified to reserves based on the share price at the date of this change in estimate.

48. Other matters

48.1. PREVENTIVE SEIZURE OF 26.075% OF THE SHARE CAPITAL OF NOS SGPS, S.A.

On 4 April 2020, SONAECOM, SGPS, SA, holder of 50% of the capital of ZOPT, SGPS, SA (hereinafter "ZOPT"), was informed by this company of the communication received from the Central Criminal Investigation Court of Lisbon (hereinafter Tribunal) to proceed to the preventive seizure of 26.075% of the share capital of NOS, SGPS, SA, corresponding to half of the shareholding in NOS held by ZOPT and, indirectly, by the companies Unitel International Holdings, BV and Kento Holding Limited ", controlled by Eng.ª Isabel dos Santos.

Under the terms of the aforementioned decision, the foreclosed shares are deprived of the exercise of voting rights and the right to receive dividends, the latter of which must be deposited with Caixa Geral de Depósitos, S.A. at the court's discretion.

The other half of ZOPT's participation in NOS share capital, corresponding to an identical percentage of 26.075% - and which, at least in line with the criterion used by the Court, embodies the 50% held in ZOPT by SONAECOM - was not subject to seizure, nor the rights attached to it were subject to any limitation.

On 12 June 2020, ZOPT was authorized by the Lisbon Central Criminal Investigation Court to exercise the voting right corresponding to the 26.075% of NOS share capital preventively seized under the aforementioned Court order.

Following the communication of April 4, 2020, ZOPT filed third-party claims, which, in June 2020, were rejected by the investigating judge on the grounds that the Portuguese courts had no jurisdiction to hear and decide them, a decision that, having been appealed by ZOPT, was revoked by the Lisbon Court of Appeal, in February 2021.

In November 2021, the Investigating Judge, aware of the cause's merit, dismissed the third-party embargoes presented by ZOPT, a decision that, according to ZOPT, was appealed to the Court of Appeal. After being admitted in February 2022, in June 2022, ZOPT was notified of the decision dismissing the appeal. Further developments are awaited. The Board of Directors of NOS is not aware of any developments in this process.

48.2. MACROECONOMIC ENVIRONMENT

On 24 February 2022, Russian troops invaded Ukraine, and the military assault led to significant human casualties, displacement of the population, damage to infrastructure and disruption to economic activity in Ukraine.

In response, multiple jurisdictions, including the European Union, have imposed various economic sanctions on Russia (and, in some cases, Belarus).

This conflict comes at a time of significant global economic uncertainty and volatility, when many sectors/jurisdictions were already facing the impacts of transport disruptions and rising commodity and commodity prices as a result of increased consumer demand as the COVID-19 pandemic subsided. These conditions caused inflation and interest rates to rise in 2022, which worsened during the year, impacting the group's financial statements. The future effects of the war in Ukraine are uncertain, with the expectation of continued inflationary pressures and the risk of a more recessive macroeconomic scenario.

NOS, not having significant transactions with the Russian and Ukrainian markets, is exposed to general inflationary pressures. It is the conviction of the Board of Directors that, despite these uncertainties, the continuity of its operations is not jeopardized.

49. Subsequent events

In January 2023, NOS contracted 350 million euros in bond loans and commercial paper programmes, indexed to sustainability objectives, maturing in 2028, with five financial institutions - Banco BPI, Caixa Geral de Depósitos, Millennium BCP, Santander and Sabadell.

Up to the date of approval of this document, there were no other subsequent relevant events that should be disclosed in this report.

These financial statements are a translation of financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards (IAS / IFRS) as adopted by the European Union and the format and disclosures required by those Standards, some of which may not conform to or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

50. Annexes

A) Companies included in the consolidation by the full consolidation method

COMPANY	HEADQUARTERS	PRINCIPAL ACTIVITY	SHARE HOLDER	PERCENTAGE OF OWNERSHIP		
				EFFECTIVE 31-12-2021	DIRECT 31-12-2022	EFFECTIVE 31-12-2022
NOS, SGPS, S.A. (Holding)	Lisbon	Management of investments	-	-	-	-
Fundo de Capital de Risco N5G (a)	Lisbon	Invest and support the development of companies that aim to commercialize technologies and products that result from scientific and technological research	NOS	100%	100%	100%
Empracine - Empresa Promotora de Atividades Cinematográficas, Lda.	Lisbon	Movies exhibition	Lusomundo SII	100%	100%	100%
Lusomundo - Sociedade de investimentos imobiliários SGPS, SA	Lisbon	Management of Real Estate	NOS	100%	100%	100%
Lusomundo Imobiliária 2, S.A.	Lisbon	Management of Real Estate	Lusomundo SII	100%	100%	100%
Lusomundo Moçambique, Lda. (b)	Maputo	Movies exhibition and commercialization of other public events	NOS + NOS Cinemas	100%	100%	100%
NOS Sistemas, S.A.	Lisbon	Rendering of consulting services in the area of information systems	NOS Comunicações	100%	100%	100%
NOS Sistemas España, S.L.	Madrid	Rendering of consulting services in the area of information systems	NOS Comunicações	100%	100%	100%
NOS Açores Comunicações, S.A.	Ponta Delgada	Distribution of television by cable and satellite and operation of telecommunications services in the Azores area	NOS Comunicações	84%	84%	84%
NOS Audiovisuais, SGPS, S.A.	Lisbon	Management of investments participations in other companies as an indirect form of economic activity	NOS	100%	100%	100%
NOS Property, S.A.	Lisbon	Management of investments participations in other companies as an indirect form of economic activity	NOS	100%	100%	100%
NOS Comunicações, S.A.	Lisbon	Implementation, operation, exploitation and offer of networks and rendering services of electronic comunications and related resources; offer and commercialisation of products and equipments of electronic communications	NOS	100%	100%	100%
NOS Corporate Center, S.A.	Lisbon	Service rendered of business support and management and administration consultancy services, including accounting, logistics, administrative, financial, tax, human resources services and any other services that are subsequent or related to previous activities	NOS	100%	100%	100%
NOS Inovação, S.A.	Matosinhos	Achievement and promotion of scientific activities and research and development as well as the demonstration, dissemination, technology transfer and formation in the fields of services and information systems and fixed solutions and last generation mobile, television, internet, voice and data, and licensing and engineering services and consultancy	NOS	100%	100%	100%
NOS Internacional, SGPS, S.A.	Lisbon	Management of investments participations in other companies as an indirect form of economic activity	NOS	100%	100%	100%
NOS Lusomundo Audiovisuais, S.A.	Lisbon	Import, distribution, commercialization and production of audiovisual products	NOS Audiovisuais SGPS	100%	100%	100%
NOS Lusomundo Cinemas , S.A.	Lisbon	Movies exhibition and commercialization of other public events	NOS	100%	100%	100%
NOS Audio - Sales and Distribution, S.A. (c)	Lisbon	Movies distribution, editing, distribution, commercialization and production of audiovisual products	NOS + NOS Audiovisuais	100%	100%	100%
NOS Madeira Comunicações, S.A.	Funchal	Distribution of television by cable and satellite and operation of telecommunications services in the Madeira area	NOS Comunicações	78%	78%	78%
NOS Mediação de Seguros, S.A.	Lisbon	Insurance distribution and related activities	NOS	100%	100%	100%
NOS TECHNOLOGY – Concepção, Construção e Gestão de Redes de Comunicações, S.A. ('Artis')	Matosinhos	Design, construction, management and exploitation of electronic communications networks and their equipment and infrastructure, management of technologic assets and rendering of related services	NOS Comunicações	100%	100%	100%
NOS Wholesale, S.A.	Lisbon	Trade, service rendered and exploitation of wholesale offerings of national and international electronic communications services and related services, namely information and communication technology services	NOS SA	0%	100%	100%
Per-Mar – Sociedade de Construções, S.A. ('Per-Mar')	Lisbon	Purchase, sale, renting and operation of property and commercial establishments	NOS SA	100%	100%	100%
Sontária - Empreendimentos Imobiliários, S.A. (Sontária')	Lisbon	Realisation of urbanisation and building construction, planning, urban management, studies, construction and property management, buy and sale of properties and resale of purchased for that purpose	NOS Comunicações	100%	100%	100%
Teliz Holding, S.A.	Lisbon	Management of investments financing activities	NOS	100%	100%	100%

(a) NOS SGPS: 27,50%; NOS Sistemas: 20,00%; NOS Internacional SGPS: 20,00%; NOS Audiovisuais SGPS: 22,50%; NOS Cinemas: 10,00%
(b) NOS SGPS: 90%; NOS Lusomundo Cinemas: 10%
(c) NOS Audio & Sales Distributions: NOS SGPS: 71%; NOS Audiovisuais: 29%

B) Associated companies

COMPANY	HEADQUARTERS	PRINCIPAL ACTIVITY	SHARE HOLDER	PERCENTAGE OF OWNERSHIP		
				EFFECTIVE 31-12-2021	DIRECT 31-12-2022	EFFECTIVE 31-12-2022
Big Picture 2 Films, S.A.	Oeiras	Import, distribution, commercialization and production of audiovisual products	NOS Audiovisuais	20,00%	20,00%	20,00%
Big Picture Films, S.L.	Madrid	Distribution and commercialization of movies	Big Picture 2 Films, S.A.	20,00%	100,00%	20,00%
Sport TV Portugal, S.A.	Lisbon	Conception, production, realization and commercialization of sports programs for telebroadcasting, purchase and resale of the rights to broadcast sports programs for television and provision of publicity services	NOS	25,00%	25,00%	25,00%

C) Jointly controlled companies

COMPANY	HEADQUARTERS	PRINCIPAL ACTIVITY	SHARE HOLDER	PERCENTAGE OF OWNERSHIP		
				EFFECTIVE 31-12-2021	DIRECT 31-12-2022	EFFECTIVE 31-12-2022
Dreamia Holding B.V. (a)	Amsterdam	Conception, production, realization and commercialization of audiovisual contents and provision of publicity services	NOS Audiovisuais	0,00%	-	-
Dreamia Servicios de Televisión, S.L.	Madrid	Management of investments	NOS Audiovisuais	50,00%	50,00%	50,00%
Dreamia - Serviços de Televisão, S.A.	Lisbon	Conception, production, realization and commercialization of audiovisual contents and provision of publicity services	Dreamia SL	50,00%	100,00%	50,00%
FINSTAR - Sociedade de Investimentos e Participações, S.A.	Luanda	Distribution of television by satellite, operation of telecommunications services	Teliz Holding S.A.	30,00%	30,00%	30,00%
Upstar Comunicações S.A.	Vendas Novas	Electronic communications services provider, production, commercialization, broadcasting and distribution of audiovisual contents	NOS	30,00%	30,00%	30,00%
ZAP Media S.A.	Luanda	Projects development and activities in the areas of entertainment, telecommunications and related technologies, the production and distribution of the contents and the design, implementation and operation of infrastructure and related facilities	FINSTAR	30,00%	100,00%	30,00%
MSTAR, SA (b)	Maputo	Satellite television signal distribution, operation and provision of telecommunications services	NOS + NOS Comunicações	30,00%	30,00%	30,00%
Dualgrid - Gestão de Redes Partilhas, S.A.	Lisbon	Rendering of technical, administrative and financial consultancy services to telecommunications companies, planning and management of telecommunications networks and any other activities that are complementary, subsidiary or accessory to those referred to in the previous numbers	NOS Comunicações	50%	50,00%	50,00%

(a) Merged company in Dreamia Servicios de Televisión, S.L. (b) NOS SGPS: 29,40%; NOS Comunicações: 0,60%. Financial investments whose participation is less than 50% were considered as joint arrangements due to shareholder agreements that confer joint control.

D) Companies in which NOS does not have significant influence

COMPANY	HEADQUARTERS	PRINCIPAL ACTIVITY	SHARE HOLDER	PERCENTAGE OF OWNERSHIP		
				EFFECTIVE 31-12-2021	DIRECT 31-12-2022	EFFECTIVE 31-12-2022
Associação Laboratório Colaborativo em Transformação Digital - DTX	Guimarães	Research applied to different areas associated with digital transformation to encourage cooperation between R&D units, educational institutions and the productive sector	NOS Inovação	4,92%	4,92%	4,92%
Fundo TechTransfer	Lisbon	Invest and support the development of companies that aim to commercialize technologies and products that result from scientific and technological research	NOS Inovação	3,90%	3,90%	3,90%
RK. AI - Serviços de Processamento de Imagens e Análise de Dados, S.A. (Reckon.ai)	Porto	Activities related to information and computer technologies, images and data processing and analysis, hosting and related activities and IT consulting	Fundo NOS 5G	0,00%	11,76%	11,76%
SkillAugment, Lda (KIT-AR) (a)	Aveiro	Conception, design, methodology development, programming, editing, testing, support and maintenance of software, online web platforms and virtual and augmented reality systems, with machine learning and artificial intelligence capabilities, in industrial and business environments.	Fundo NOS 5G + Fundo TechTransfer	-	0,00%	0,00%
Seems Possible, Lda. (Knock Healthcare) (a)	Porto	Data processing activities, information domiciliation and related activities, namely in the health area.	Fundo NOS 5G	-	0,00%	0,00%
Mindprober	Braga	The company aims to measure the emotional impact that multimedia content has on consumers, through wearables that monitor biometric data such as sweat or heartbeat acceleration.	Fundo NOS 5G	-	2,09%	2,09%
Didimo Inc. (b)	Dover	DIDIMO has developed a platform that allows the generation, in about 60 seconds, of 3D digital avatars based on photographs.	Fundo NOS 5G	-	0,00%	0,00%
Didimo SA (b)	Porto	DIDIMO has developed a platform that allows the generation, in about 60 seconds, of 3D digital avatars based on photographs.	Fundo NOS 5G	-	0,00%	0,00%
Lusitânia Vida - Companhia de Seguros, S.A ("Lusitânia Vida")	Lisbon	Insurance services	NOS	0,03%	0,03%	0,03%
Lusitânia - Companhia de Seguros, S.A ("Lusitânia Seguros")	Lisbon	Insurance services	NOS	0,02%	0,02%	0,02%

(a) The investment in the entity was in convertible debt, so the interest is 0%.

(b) The NOS 5G Fund only holds 1 share in each entity, representing 0.0% of the capital

03

INDIVIDUAL FINANCIAL STATEMENTS

Statement of financial position

AT 31 DECEMBER 2021 AND 2022
(Amounts stated in euros)

	NOTES	31-12-2021	31-12-2022
ASSETS			
NON - CURRENT ASSETS			
Tangible assets	6	151,669	150,017
Intangible assets	7	453,888,881	453,888,881
Rights of use	8	232,545	174,311
Financial investments in group companies	9	908,459,449	848,086,949
Accounts receivable	5 & 10	735,361,135	1,130,053,000
Available-for-sale financial assets	5 & 12	12,951	12,950
Deferred income tax assets	13	1,364,765	850,410
Derivative financial instruments	5 & 21	105,008	10,946,504
TOTAL NON - CURRENT ASSETS		**2,099,576,403**	**2,444,163,022**
CURRENT ASSETS:			
Accounts receivable	5 & 10	587,177,076	111,921,546
Tax receivable	11	80,432	65,275
Prepaid expenses	14	86,563	118,238
Cash and cash equivalents	5 & 15	360,472	7,633,072
TOTAL CURRENT ASSETS		**587,704,543**	**119,738,131**
TOTAL ASSETS		**2,687,280,946**	**2,563,901,153**
SHAREHOLDER'S EQUITY			
Share capital	16.1	5,151,614	855,167,891
Capital issued premium	16.2	854,218,633	4,202,356
Own shares	16.3	(12,353,087)	(15,967,529)
Legal reserve	16.4	1,030,323	1,030,323
Other reserves and accumulated earnings	16.5	420,980,086	509,871,236
Net income		220,718,915	66,868,204
TOTAL EQUITY		**1,489,746,484**	**1,421,172,481**

	NOTES	31-12-2021	31-12-2022
LIABILITIES			
NON - CURRENT LIABILITIES			
Borrowings	5 & 17	806,994,281	654,532,339
Provisions	18	250,119	191,514
Accrued expenses	5 & 19	951,891	454,886
Deferred income	20	4,230,118	2,824,046
Deferred income tax liabilities	3.2 & 13	1,626,599	3,747,884
TOTAL NON - CURRENT LIABILITIES		**814,053,008**	**661,750,669**
CURRENT LIABILITIES:			
Borrowings	5 & 17	235,142,116	345,946,205
Accounts payable	5 & 22	140,728,845	117,677,351
Tax payable	3.2 & 11	4,167,974	13,881,950
Accrued expenses	5 & 19	2,709,601	3,012,931
Deferred income	20	399,309	459,566
Derivative financial instruments	5 &21	333,609	-
TOTAL CURRENT LIABILITIES		**383,481,454**	**480,978,003**
TOTAL LIABILITIES		**1,197,534,462**	**1,142,728,672**
TOTAL LIABILITIES AND SHAREHOLDER´S EQUITY		**2,687,280,946**	**2,563,901,153**

The Notes to the Financial Statements form an integral part of the statement of financial position as at 31 December 2022.

The Chief Accountant — The Board of Directors

Statement of income by nature

FOR THE FINANCIAL YEARS ENDED ON 31 DECEMBER 2021 AND 2022
(Amounts stated in euros)

	NOTES	2021	2022
REVENUES:			
Services rendered	23	14,215,094	15,561,339
Other operating revenues		13,262	11,366
		14,228,356	**15,572,705**
COSTS, LOSSES AND GAINS:			
Wages and salaries	24	6,515,095	7,452,365
Marketing and advertising		9,445	2,859
Support services	25	1,334,420	1,376,775
Supplies and external services	25	631,587	816,559
Other operating losses / (gains)	26	28,798	60,776
Taxes		110,191	110,638
Provisions and adjustments	18	(96,611)	(42,299)
Depreciation, amortisation and impairment losses	6, 7 & 8	145,061	119,577
Other losses / (gains) non recurrent	27	94,567	187,570
		8,772,553	**10,084,820**
INCOME BEFORE FINANCIAL RESULTS AND TAXES		**5,455,803**	**5,487,885**
Financial costs / (revenues)	28	(10,686,896)	(11,198,554)
Foreign exchange losses / (gains)		7	517
Losses / (gains) of affiliated companies	29	(210,742,144)	(55,969,155)
Other financial expenses / (income)	28	2,394,921	3,047,472
		(219,034,112)	**(64,119,720)**
INCOME BEFORE TAXES		**224,489,915**	**69,607,605**
Income taxes	13	3,771,000	2,739,401
NET CONSOLIDATED INCOME		**220,718,915**	**66,868,204**
EARNINGS PER SHARES			
Basic - euros	16.6	0.43	0.13
Diluted - euros	16.6	0.43	0.13

The Notes to the Financial Statements form an integral part of the statement of financial position as at 31 December 2022.

The Chief Accountant — The Board of Directors

Statement of comprehensive income

FOR THE FINANCIAL YEARS ENDED ON 31 DECEMBER 2021 AND 2022
(Amounts stated in euros)

	NOTES	2021	2022
NET INCOME		**220,718,915**	**66,868,204**
OTHER INCOME			
ITENS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT			
Fair value of interest rate swap	21	40,468	10,956,679
Deferred income tax - interest rate swap	21	(9,105)	(2,465,253)
Fair value of equity swaps	21	389,635	185,872
Deferred income tax - equity swap	21	(87,668)	(41,821)
OTHER COMPREHENSIVE INCOME		**333,330**	**8,635,477**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**221,052,245**	**75,503,681**

The Notes to the Financial Statements form an integral part of the statement of financial position as at 31 December 2022.

The Chief Accountant — The Board of Directors

Statement of changes in shareholders' equity

FOR THE FINANCIAL YEARS ENDED ON 31 DECEMBER 2021 AND 2022
(Amounts stated in euros)

	NOTES	SHARE CAPITAL	CAPITAL ISSUED PREMIUM	OWN SHARES	LEGAL RESERVE	OTHER RESERVES AND ACCUMULATED EARNINGS	NET INCOME	TOTAL
BALANCE AS AT JANUARY 2021		**5,151,614**	**854,218,633**	**(14,859,452)**	**1,030,323**	**464,841,485**	**98,707,111**	**1,409,089,714**
Result appropriation								
Transfered to reserves		-	-	-	-	98,707,111	(98,707,111)	-
Dividends paid	16.4	-	-	-	-	(142,375,697)	-	(142,375,697)
Acquisition of own shares	16.3	-	-	(2,068,592)	-	-	-	(2,068,592)
Distribuition of own shares - share plan	16.3	-	-	3,976,598	-	(3,976,598)	-	-
Distribuition of own shares - other remunerations	16.3	-	-	598,359	-	(138,387)	-	459,972
Share Plan - Costs incurred in the year and others		-	-	-	-	3,588,842	-	3,588,842
Comprehensive income for the year		-	-	-	-	333,330	220,718,915	221,052,245
BALANCE AS AT DECEMBER 2021		**5,151,614**	**854,218,633**	**(12,353,087)**	**1,030,323**	**420,980,086**	**220,718,915**	**1,489,746,484**
BALANCE AS AT JANUARY 2022		**5,151,614**	**854,218,633**	**(12,353,087)**	**1,030,323**	**420,980,086**	**220,718,915**	**1,489,746,484**
Result appropriation								
Transfered to reserves		-	-	-	-	220,718,915	(220,718,915)	-
Dividends paid	16.4	-	-	-	-	(142,357,122)	-	(142,357,122)
Acquisition of own shares	16.3	-	-	(7,087,403)	-	-	-	(7,087,403)
Distribuition of own shares - share plan	16.3	-	-	3,186,762	-	(3,186,762)	-	-
Distribuition of own shares - other remunerations	16.3	-	-	286,199	-	(14,052)	-	272,147
Share Plan - Costs incurred in the year and others	33	-	-	-	-	5,094,694	-	5,094,694
Comprehensive income for the year		-	-	-	-	8,635,477	66,868,204	75,503,681
BALANCE AS AT DECEMBER 2022		**855,167,891**	**4,202,356**	**(15,967,529)**	**1,030,323**	**509,871,236**	**66,868,204**	**1,421,172,481**

The Notes to the Financial Statements form an integral part of the statement of financial position as at 31 December 2022.

The Chief Accountant

The Board of Directors

Statement of cash flows

FOR THE FINANCIAL YEARS ENDED ON 31 DECEMBER 2021 AND 2022
(Amounts stated in euros)

	NOTES	2021	2022
OPERATING ACTIVITIES			
Collections from clients		14,437,886	15,366,650
Payments to suppliers		(1,861,090)	(1,831,994)
Payments to employees		(5,978,957)	(4,200,310)
Receipts / (payments) relating to income taxes		3,726,820	(11,399,216)
Other cash receipts / (payments) related with operating activities		3,497,190	7,383,436
CASH FLOW FROM OPERATING ACTIVITIES (1)		**13,821,849**	**5,318,566**
INVESTING ACTIVITIES			
CASH RECEIPTS RESULTING FROM			
Financial investments	9	1,071,609	31,107,363
Loans granted		-	493,931,127
Interest and related income		21,269,092	22,853,777
Dividends		234,870,535	90,397,793
		257,211,236	**638,290,060**
PAYMENTS RESULTING FROM			
Financial investments	9	(6,175,500)	(4,063,500)
Tangible assets		(11,728)	(6,993)
Loans granted		(364,236,617)	(395,946,500)
		(370,423,845)	**(400,016,993)**
CASH FLOW FROM INVESTING ACTIVITIES (2)		**(113,212,609)**	**238,273,067**
FINANCING ACTIVITIES			
CASH RECEIPTS RESULTING FROM			
Borrowings		330,998,869	448,359,537
		330,998,869	**448,359,537**
PAYMENTS RESULTING FROM			
Borrowings		(199,833,333)	(520,533,333)
Lease rentals (principal)		(123,109)	(118,917)
Interest and related expenses		(13,426,596)	(14,563,270)
Dividends	16.5	(142,375,697)	(142,357,122)
Aquisition of own shares	16.3	(2,068,592)	(7,087,403)
		(357,827,327)	**(684,660,045)**
CASH FLOW FROM FINANCING ACTIVITIES (3)		**(26,828,458)**	**(236,300,508)**
Change in cash and cash equivalents (4)=(1)+(2)+(3)		(126,219,218)	7,291,125
Cash and cash equivalents at the beginning of the year		126,561,165	341,947
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**341,947**	**7,633,072**
Cash and cash equivalents	15	360,472	7,633,072
Bank overdrafts	17	(18,525)	-

The Notes to the Financial Statements form an integral part of the statement of financial position as at 31 December 2022.

The Chief Accountant | The Board of Directors

Notes to the financial statements

AT 31 DECEMBER 2022
(Amounts stated in euros, unless otherwise stated)

1. Introductory note

NOS, SGPS, S.A. ("NOS" or "Company"), formerly named ZON OPTIMUS, SGPS, S.A. ("ZON OPTIMUS"), and until 27 August 2013 named ZON Multimédia – Serviços de Telecomunicações e Multimédia, SGPS, S.A. ("ZON"), with Company headquarters registered at Rua Actor António Silva, 9, Campo Grande, was established by Portugal Telecom, SGPS, S.A. ("Portugal Telecom") on 15 July 1999 with the purpose of implementing its multimedia business strategy.

During the 2007 financial year, Portugal Telecom proceeded with the spin-off of ZON through the attribution of its participation in the company to shareholders, which become fully independent from Portugal Telecom.

During the 2013 financial year, ZON and Optimus, SGPS, S.A. ("Optimus SGPS") have merged through the incorporation of Optimus SGPS into ZON. Thereafter, the Company adopted the designation of ZON Optimus, SGPS, S.A..

On 20 June 2014, because of the launch of the new brand "NOS" on 16 May 2014, the General Meeting of Shareholders approved the change of the Company's name to NOS, SGPS, S.A..

The businesses operated by NOS and its associated companies, which together form the "NOS Group" or "Group", which includes cable and satellite television services, voice and Internet access services, video production and sale, advertising on Pay TV channels, cinema exhibition and distribution, and the production of channels for Pay TV and the provision of consultancy services related to information systems.

NOS' shares are listed on the Euronext Lisbon market. The shareholder structure of the Company at 31 December 2021 is shown in Note 16.

The business of NOS Comunicações, S.A. ("NOS SA") and its subsidiaries, NOS Technology, NOS Açores, NOS Madeira, NOS Wholesale and NOS Sistemas comprehends: a) cable and satellite television distribution; b) the operation of the latest generation mobile communication network, GSM/UMTS/LTE/5G; c) the operation of electronic communications services, including data and multimedia communication services in general; d) IP voice services ("VOIP" - Voice over IP); e) Mobile Virtual Network Operator ("MVNO"), f) the provision of consultancy and similar services directly or indirectly related to the above mentioned activities and services, and g) datacentre management and consulting services in IT. The business of these companies is regulated by Law no. 5/2004 (Electronic Communications Law), which establishes the legal regime governing electronic communications networks and services.

The main activity of NOS Audio – Sales and Distribution, S.A., previously designated NOS Lusomundo TV and the result of the merger of NOSPUB with NOS Lusomundo TV on December 2020, is the negotiation, acquisition and distribution of content rights and other multimedia products to television and other platforms of distribution, currently producing films and series channels through the compilation of the acquired contents, which are distributed, among other operators, by NOS SA and its subsidiaries. This company also manages the advertising space on Pay TV channels and in the cinemas of NOS Cinemas.

NOS Audiovisuais and NOS Cinemas together with their associated companies operate in the audiovisual sector, which includes video production and sale, cinema exhibition and distribution, and the acquisition/negotiation of Pay TV and VOD (video-on-demand) rights.

NOS Inovação main activities are conducting and stimulating scientific activities of R&D (it owns all the intellectual property developed within the NOS Group, intending to guarantee the return of initial investment through the commercialization of patents and concessions regarding commercial operation, as a result of a creation of new products and services), the demonstration, disclosure, technology and training transfers in the services and information management domains as well as fixed and mobile solutions of the latest generation of TV, internet, voice and data solutions.

These Notes to the Financial Statements follow the order in which the items are shown in the financial statements.

The financial statements relate to the Company on an individual basis and not consolidated were prepared for publication under the commercial legislation in force.

As provided in IFRS, financial investments are stated at acquisition cost. Consequently, the financial statements do not include the effect of the consolidation of assets, liabilities, income and expenses, which will be made in the consolidated statements. The effect of these consolidation consists in an asset increase of 572,115 thousand euros and in a net income and shareholder's equity reduction of 76,560 thousand euros and 526,746 thousands euros, respectively.

The financial statements for the financial year ended on 31 December 2022 were approved by the Board of Directors and their issue authorised on 7 March 2023.

However, they are still subject to approval by the General Meeting of Shareholders in accordance with company law in Portugal. The Board of Directors believes that the financial statements give a true and fair view of the Company's operations, financial performance, and cash flows.

2. Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are described below. These policies were consistently applied to all the financial years presented, unless otherwise stated.

2.1. BASIS OF PRESENTATION

The financial statements were prepared in accordance with the International Financial Reporting Standards ("IAS/IFRS") issued by the International Accounting Standards Board ("IASB"), and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") or by the previous Standing Interpretations Committee ("SIC"), adopted by the European Union, in force as at 1 January 2022.

The financial statements are presented in euros as this the main currency of the Company's operations.

The financial statements were prepared on a going concern basis from the ledgers and accounting records of the Company, using the historical cost convention, adjusted when necessary for the valuation of financial assets and liabilities (including derivatives) at their fair value.

In preparing the financial statements in accordance with IFRS, the Board used estimates, assumptions, and critical judgments with impact on the value of assets, liabilities and the recognition of income and costs in each reporting period. Although these estimates were based on the best information available at the date of preparation of the financial statements, current and future results may differ from these estimates. The areas involving a higher element of judgment and estimates or areas when assumptions and estimates are significant to the financial statements are described in Note 4.1.

In the preparation and presentation of the financial statements, NOS declares that it complies explicitly and without reservation with IAS/IFRS reporting standards and related SIC/IFRIC interpretations, approved by the European Union.

Changes in accounting policies and disclosures

The following standards, interpretations, amendments and revisions adopted ("endorsed") by the European Union were mandatory for the first time on the financial year beginning 1 January 2022:

- Amendments to IFRS 3 – References to the Conceptual Framework for Financial Reporting. This amendment updates the references to the Framework in the text of IFRS 3, and no changes have been made to the accounting requirements for business combinations. It also clarifies the accounting treatment to be adopted regarding liabilities and contingent liabilities under IAS 37 and IFRIC 21, incurred separately versus those included in a business combination. The amendment is prospectively applicable.
- Amendments to IAS 16 – Proceeds before intended use. Clarifies the accounting treatment given to the consideration obtained from the sale of products, which results from the production in the testing phase of tangible fixed assets, prohibiting their deduction from the cost of asset acquisition. 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 fulfilling a contract. This amendment specifies that in assessing whether or not a contract is onerous, only expenses directly related to the performance of the contract, 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 tangible assets used to perform the contract, may be considered. 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 be applied to contracts that, at the beginning of the first annual reporting period to which the amendment is applied, still include unfulfilled contractual obligations, without restating 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 amendment clarifies that when a subsidiary opts to measure its assets and liabilities at the amounts included in the parent company's consolidated financial statements (assuming that no adjustment to the consolidation process has occurred), the measurement of cumulative translation differences can be made at the amounts that would be recorded in the consolidated financial statements, based on the parent company's date of transition to 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 amendment clarifies which fees an entity should include when assessing whether the terms

of a financial liability are substantially different from the terms of the original financial liability. Thus, in the scope of derecognition tests performed on renegotiated liabilities, only fees paid or received between the debtor and the creditor should be included, including fees paid or received by the debtor or the creditor on behalf of the other.

- Amendments to IAS 41 – Taxation in fair value measurements (included in the annual improvements for the 2018-2020 cycle). This amendment eliminates the requirement in paragraph 22 of IAS 41 to exclude cash flows related to income taxes in the fair value measurement of biological assets, ensuring consistency with the principles of IFRS 13.
- Amendments to IFRS 16 – Leases – COVID-19 related to leases beyond 30 June 2021. On 28 May 2020, the amendment to IFRS 16 entitled 'Covid19-related concessions' was issued and introduced the following practical expedient: a lessee may elect not to assess whether a Covid-19-related concession of rent is a lease modification. Lessees electing to apply this expedient account for the change to rental payments resulting from a Covid-19-related concession in the same way as they account for a change that is not a lease modification in accordance with IFRS 16. Initially, the practical expedient applied to payments originally due by 30 June 2021, however, due to the prolonged impact of the pandemic on 31 March 2021, it has been extended to payments originally due by 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. In short, the practical expedient can be applied provided the following criteria are met: i) the change in lease payments results in a revised consideration for the lease that is substantially the same as, or less than, the consideration immediately prior to the change; ii) any reduction in lease payments only affects payments due on or before 30 June 2022; and iii) there are no significant changes to other terms and conditions of the lease.

These standards and amendments had no material impact over the Company's financial statements.

The following standards, interpretations, amendments and revisions have been adopted ("endorsed") by the European Union, but only are mandatory in future financial years:

- IFRS 17 – Insurance Contracts. IFRS 17 applies to all insurance contracts (i.e. life, non-life, direct insurance and reinsurance) regardless of the type of entity that issues them, as well as some guarantees and some financial instruments with discretionary participation features. Overall, IFRS 17 provides an accounting model for insurance contracts that is more useful and more consistent for issuers. In contrast to the requirements of IFRS 4, which are based on previously adopted local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.
- Amendments to IFRS 17 – Insurance contracts – Initial application of IFRS 17 and IFRS 9 – Comparative information. This amendment to IFRS 17 relates to the presentation of comparative information for financial assets in initial application of IFRS 17. The amendment adds a transition option that permits an entity to apply an 'overlay' in classifying a financial asset in the comparative period(s) presented in initial application of IFRS 17. The overlay permits all financial assets, including those held in relation to non-contractual activities within the scope of IFRS 17, to be classified, instrument by instrument, in the comparative period(s) in a manner aligned with how the entity expects those assets to be classified on initial application of IFRS 9.
- Amendments to IAS 1 – Disclosure of accounting policies. These amendments are intended to assist the entity in disclosing 'material' accounting policies, previously referred to as 'significant' policies. However, due to the absence of this concept in the IFRS standards, it was decided to replace it by the concept 'materiality', a concept already known to users of financial statements. In assessing the materiality of accounting policies, the entity has to consider not only the size of transactions but also other events or conditions and the nature of these.
- Amendments to IAS 8 - Definition of accounting estimates. The amendment clarifies the distinction between change in accounting estimate, change in accounting policy and correction of errors. In addition, it clarifies how an entity uses measurement techniques and inputs to develop accounting estimates.
- Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction. The amendment clarifies that payments that settle a liability are tax deductible, however it is a matter of professional judgement whether such deductions are attributable to the liability that is recognised in the financial statements or the related asset. This judgment is important in determining whether there are temporary differences in the initial recognition of the asset or liability. Thus, the initial recognition exception is not applicable to transactions that gave rise to equal taxable and deductible temporary differences. It is only applicable if the recognition of a leasing asset and a leasing liability gives rise to taxable and deductible temporary differences that are not equal.The Company did not apply any of these standards in advance in the financial statements in the twelve-month period ended on 31 December 2022. No significant impacts on the financial statements resulting from their adoption are estimated.

The following standards, interpretations, amendments and revisions, with mandatory application in future financial years, have not been endorsed by the European Union, until the date of approval of these financial statements:

- Amendments to IAS 1 – Disclosure of accounting policies. Classification of current and non-current liabilities. This amendment intends to clarify the classification of liabilities as current or non-current balances depending on the rights that an entity has to defer its payment, at the end of each reporting period. The classification of liabilities is not affected by the entity's expectations (the assessment should determine whether a right exists, but should not consider whether the entity will or will not exercise that right), or by events that occur after the reporting date, such as non-compliance with a covenant. However, if the right to defer settlement for at least twelve months is subject to the fulfilment of certain conditions after the reporting date, those criteria do not affect the right to defer settlement for the purpose of classifying a liability as current or non-current. This amendment also includes a new definition of "settlement" of a liability and is applicable retrospectively.
- Amendments to IFRS 16 – Leasings - Responsibility of a lease in a sale and leaseback transaction. This amendment specifies the requirements regarding the subsequent measurement of lease liabilities, related to sale and leaseback transactions that qualify as "sale" in accordance with the principles of IFRS 15, focusing on variable lease payments that do not depend on an index or rate. In subsequently measuring lease liabilities, seller-lessees shall determine "lease payments" and "revised lease payments" in a manner that does not recognise any gain or loss related to the retained right-of-use. Applying these requirements does not prevent a seller-lessee from recognising, in the income statement, any gain or loss relating to the partial or total "sale" as required by paragraph 46(a) of IFRS 16. This amendment is retrospective.These standards have not yet been adopted ("endorsed") by the European Union and, as such, were not applied by the Company in the twelve-month period ended on 31 December 2021. No significant impacts are estimated on financial statements resulting from its adoption.

The Company did not apply any of these standards in advance in the financial statements in financial year ended on 31 December 2022. No significant impacts on the financial statements resulting from their adoption are estimated.

2.2. TRANSACTIONS AND BALANCES IN FOREIGN CURRENCIES

Transactions in foreign currency are recorded at exchange rates on transactions dates. At each reporting date, the carrying amounts of monetary items denominated in foreign currency are updated by applying the exchange rate prevailing on that date. Non-monetary items carried at fair value denominated in foreign currency are restated at the exchange rates of the respective dates on which the fair values were determined. Exchange rate differences on monetary items that constitute an extension of the investment denominated in the functional currency of the Company or the subsidiary in question are recognised as the exchange rate on investment in shareholder's equity. Exchange rate differences on non-monetary items are classified under "Other reserves".

Exchange differences arising on the date of receipt or payment of foreign currency transactions and the resulting updates of the above are recognised in the income statement, under "Foreign exchange losses / (gains)" for all other balances or transactions.

At 31 December 2021 and 2022, assets and liabilities expressed in foreign currencies were converted into euros using the following exchange rates of such currencies against the euro, as published by the Bank of Portugal:

	31-12-2021	31-12-2022
CURRENCY		
US Dollar	1.13	1.07

2.3. TANGIBLE ASSETS

Tangible assets are stated at acquisition cost less accumulated depreciation and eventual impairment losses. The acquisition cost includes the purchase price of the asset, expenses directly attributable to the purchase and costs incurred in preparing the asset to be ready for utilisation. Costs incurred on borrowings for the construction of tangible fixed assets are recognised as part of the cost of the asset, whenever the period of construction / preparation is more than one year.

Subsequent costs with renovations and major repairs that extend the useful life or productive capacity of assets are recognised as a cost of the asset.

The costs of current maintenance and repairs are recognised as a cost when they are incurred.

The estimated costs of dismantling and removal of the assets will be considered as part of the initial cost.

Tangible assets are depreciated from the time they are completed or ready to be used. These assets, less their residual value, are depreciated by the straight-line method, in twelfths, from the month in which they become available for use, according to the useful life of the assets defined as their estimated utility.

The depreciation rates used corresponds to the following useful lives:

CLASS OF GOODS	2021 (YEARS)	2022 (YEARS)
Buildings and other constructions	10	10
Basic equipment	3 - 4	3 - 4
Transportation equipment	4	4
Administrative equipment	2 - 10	2 - 10
Other tangible assets	8	8

The useful lives and depreciation method of the tangible assets are reviewed annually. The effect of any changes to these estimates is recognised prospectively in the income statement.

The residual values of assets and their respective useful lives are reviewed and adjusted if appropriate, at the reporting date. If the carrying amount exceeds the recoverable amount of the asset, it is readjusted to the estimated recoverable amount by recognizing impairment losses (Note 2.6).

Gains and/or losses resulting from the sale of a tangible fixed asset, determined as the difference between realizable value of the transaction and the accounting net value, are recognised in the account "Losses/(gains) on sale of assets".

2.4. INTANGIBLE ASSETS

Intangible assets are stated at acquisition cost less accumulated amortisation and impairment losses, when applicable.

Intangible assets are recognised only when they are identifiable, generate future economic benefits for the Company and can be measured reliably.

The Company conducts a periodic impairment assessment of the intangible assets available for use. This impairment assessment is also carried out whenever an event or change in circumstances that indicates that the amount for which the asset is recorded may not be recovered is identified. If this happens, the Company determines the recoverable value of the asset, in order to determine if an impairment loss exists and its extent.

The useful lives of the intangible assets are classified as finite or indefinite.

Intangible assets with finite useful lives are amortized over their useful lives, with an impairment analysis carried out whenever there are indications that the amount at which the intangible asset is mentioned in the financial statements may not be recovered. The amortization period and the amortization method of an intangible asset with a finite useful life are reviewed periodically. Any changes in the expected useful life or in the expected pattern of future consumption of the economic benefits incorporated in the asset, are considered in the modification over the period or method of amortization and, if verified, are treated as changes in accounting estimates. The amortization costs of intangible assets with finite lives are recognized in the income statement.

These assets are amortised by the straight-line method, in twelfths, from the beginning of the month in which they become available for use.

The amortisation rates used correspond to the following estimated useful lives:

CLASS OF GOODS	2021 (YEARS)	2022 (YEARS)
Computer Programs	3	3
Industrial property and other rights	3	3

The intangible assets with indefinite useful lives are not amortized, and impairment assessments are performed annually.

Accordingly, the useful life of an intangible asset that is not being amortized is periodically reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If not, the change in the assessment of the useful life from indefinite to finite is accounted for as a change in an accounting estimate.

2.5. GOODWILL

Goodwill represents the excess of acquisition cost over the net fair value of the assets, liabilities, and contingent liabilities of a business, a subsidiary, jointly controlled company or associated, at the acquisition date, if this is not a business combination of entities under common control in accordance with IFRS 3. In the case of a business combination of entities under common control, Goodwill represents the excess of acquisition cost over the fair value of the asset and liabilities of the acquired business.

Goodwill is presented as a component of the acquisition cost of the financial investments, in the separate accounts of NOS, when business is embodied in an entity.

Given the policy followed by the Company in the recognition and measurement of financial investments, Goodwill is recorded as an asset and included in "Intangible assets" if the excess of the costs common from an acquisition by merger, and in "Financial investments in group companies" in an acquisition of a subsidiary jointly controlled company or an associated company. Goodwill is not amortised and is subject to impairment tests at least once a year, on a specified date, and whenever there are changes in the test's underlying assumptions at the date of the statement of financial position which may result in a possible loss of value. Any impairment loss is recorded immediately in the income statement in "Impairment losses" and is not liable to subsequent reversal.

For the purposes of impairment tests, goodwill is attributed to the cash-generating units to which it is related, which may correspond to the business segments in which the Company operates, or a lower level.

On disposal of a subsidiary, associate or jointly controlled entity, the corresponding goodwill is included in determining the corresponding gain or loss realised.

2.6. IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS, EXCLUDING GOODWILL

At each reporting date is carried out a review of the carrying amounts of tangible fixed assets and intangible assets of the Company to determine whether there is any indication that the recorded amount may not be recoverable. If there is any indicator, we estimate the recoverable amount of the respective assets in order to determine the extent of the impairment loss (if any). When it is not possible to determine the recoverable amount of an individual asset, the recoverable amount is estimated for the cash-generating unit to which the asset belongs.

The recoverable amount of the asset or cash-generating unit is the greater of (i) the fair value less costs to sell and (ii) the current use value. In determining the current use value, the estimated future cash flows are discounted using a discount rate that reflects market expectations for the time value of money and the risks specific to the asset or cash-generating unit for which the estimates of future cash flows have not been adjusted.

When the carrying amount of the asset or cash-generating unit exceeds its recoverable amount, is recognised as an impairment loss. The impairment loss is recognised immediately in the income statement under "Depreciation, amortisation, and impairment losses" unless such loss offset a revaluation surplus recorded in shareholders' equity.

The reversal of impairment losses recognised in previous years is recorded when there are indications that these losses no longer exist or have decreased. The reversal of impairment losses is recognised in the statement of comprehensive income in the captions referred in the previous paragraph. The reversal of the impairment loss is made up to the amount that would be recognised (net of amortisation) if no impairment loss had been recorded in previous years.

2.7. INVESTMENTS IN-GROUP COMPANIES

Financial investments in Group companies (companies in which the Company holds directly or indirectly controlling, considering that control over an entity exists when the Group is exposed, and or has rights, as a result of their involvement, on the variable returns the entity's activities, and has the ability to affect this return through the power over the entity) are recorded under the caption "Financial investments in Group companies', at their acquisition cost, in accordance with IAS 27, as Company presents, separately, consolidated financial statements in accordance with IAS/IFRS.

Under this caption are also recorded at nominal value, supplementary capital granted to subsidiaries.

An evaluation of investments in Group companies is performed when there are indications that the recorded amount may not be recoverable, or impairment losses recorded in previous years no longer exist.

Impairment losses detected on the realizable value of the financial investments in Group companies are recognised in the year in which they are estimated, under the caption "Losses / (gains) of affiliated companies" in the income statement.

Impairment losses on investments in Group companies are calculated using two different methods, and the one with the highest value is chosen: i) comparison of the carrying value of the investment with its recoverable value, the latter being the highest among the use value and the fair value less the cost of selling; and ii) comparison of the carrying value of the investment with its fair value less the cost of selling.

The identification of impairment indicators, the estimate of future cash flows and the determination of the fair value of assets less costs to sell particularly in the Angolan subsidiaries (fair value less costs to sell including a discount / risk premium resulting from uncertainties related to these companies), imply a high level of judgment from the Board of Directors regarding the identification and assessment of the different impairment indicators and expected cash flows.

The expenses incurred with the acquisition of financial investments in Group companies are recorded as cost when they are incurred.

2.8. FINANCIAL ASSETS

Financial assets are recognised in the statement of financial position of the Company on the trade or contract date, which is the date on which the Company undertakes to purchase or sell the asset.

Initially, apart from commercial accounts receivable, financial assets are recognised at fair value plus directly attributable transaction costs, except for assets at fair value through income in which transaction costs are immediately recognised in income. Trade accounts receivable, at the initial time, are recognised at their transaction price, as defined in IFRS 15.

These assets are derecognised when:

I. the Company's contractual rights to receive their cash flows expire;

II. the Company has substantially transferred all the risks and benefits associated with their ownership; or

III. although it retains part but not substantially all the risks and benefits associated with their ownership, the Company has transferred control of the assets.

Financial assets and liabilities are offset and shown as a net value when, and only when, the Company has the right to offset the recognised amounts and intends to settle for the net value.

The Company classifies its financial assets into the following categories: financial investments at fair value through profit or loss, financial assets measured at amortised cost, financial assets at fair value through other comprehensive income. Its classification depends on the entity's business model to manage the financial assets and the contractual characteristics in terms of the cash flows of the financial asset.

Financial assets at fair value through profit and loss

This category includes financial derivatives and equity instruments that the Company has not classified as financial assets through other comprehensive income at the time of initial recognition. This category also includes all financial instruments whose contractual cash flows are not exclusively capital and interest.

Financial assets at fair value through results are presented in the financial statements at fair value, the net changes being known in the income statement. This category of assets includes derivative instruments and investments in listed companies which the Company has not classified as financial assets at fair value through other comprehensive income. Dividends from investments in listed companies are recognized as income in the income statement when the respective right of receipt is formalized.

Gains and losses resulting from changes in the fair value of assets measured at fair value through profit or loss are recognised in results in the year in which they occur under "Losses / (gains) on financial assets", including the income from interest and dividends.

Financial assets at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are those that are part of a business model whose objective is achieved through the collection of contractual cash flows and the sale of financial assets, being that these contractual cash flows are only capital and interest reimbursement on the capital in debt.

Financial assets measured at amortised cost

Financial assets measured at amortised cost are those that are included in a business model whose purpose is to hold financial assets in order to receive the contractual cashflows, being that these contractual cash flows are only capital reimbursement and interest payments on the capital in debt.

Financial assets measured at amortized cost are subsequently measured using the effective tax rate method and subject to impairment. Income and costs are recognized in the income statement when the asset is derecognised, updated or an impairment is recognized over it. Financial assets measured at the Company's amortized cost include accounts receivable and loans granted to related parties.

Cash and cash equivalents

The amounts included in "Cash and cash equivalents" correspond to the amounts of cash, bank deposits, term deposits and other investments with maturities of less than three months which may be immediately realizable and with a negligible risk of change of value.

For the purposes of the statement of cash flows, "Cash and cash equivalents" also includes bank overdrafts included in the statement of financial position under "Borrowings" (when applicable).

2.9. FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS

Financial liabilities and equity instruments are classified according to their contractual substance irrespective of their legal form. Equity instruments are contracts that show a residual interest in the Company's assets after deducting the liabilities. The equity instruments issued by the Company are recorded at the amount received, net of the costs incurred in their issue. Financial liabilities and equity instruments are regained only when extinguished, i.e., when the obligation is settled, cancelled or extinguished.

In accordance with IFRS 9, financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss. These liabilities, including derivatives that are liabilities, should subsequently be measured at fair value;
- Financial liabilities that arise when a transfer of a financial asset does not meet the conditions for derecognition or when it is applied the continued involvement approach;
- Financial guarantee contracts;
- The commitments to grant a loan at a lower interest rate than the market;
- The recognised contingent consideration by a buyer in a concentration of business activities to which IFRS 3 applies. Such contingent consideration shall be subsequently measured at fair value, with changes recognised in profit or loss.

Financial liabilities of the Company include: borrowings, accounts payable and derivative financial instruments.

2.10. IMPAIRMENT OF FINANCIAL ASSETS

At the date of each statement of financial position, the Company analyses and recognises expected losses on its debt securities, loans and accounts receivable. The expected loss results from the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original effective interest rate.

The objective of this impairment policy is to recognise expected credit losses over the respective duration of financial instruments that have undergone significant increases in credit risk since initial recognition, assessed on an individual or collective basis, taking into account all reasonable and sustainable information, including prospects. If, at the reporting date, the credit risk associated with a financial instrument has not increased significantly since the initial recognition, the Company measures the provision for losses relating to that financial instrument by an amount equivalent to the expected credit losses within a period of 12 months.

For receivables and assets resulting from contracts under IFRS 15, the Company adopts the simplified approach when calculating expected credit losses. As a result, NOS does not monitor changes in credit risk, recognising instead impairment losses based on the expected credit loss on each reporting date. The Company established a provisions' matrix where it presents an impairment loss criterion based on the history of credit losses, adjusted by specific prospective factors for the clients and the economic environment.

2.11. DERIVATE FINANCIAL INSTRUMENTS

Initial and subsequent recognition

The Company uses derivative financial instruments, such as exchange rate forward contracts, interest rate swaps, to cover its exchange rate risks, interest, respectively. Such derivative financial instruments are initially recorded at fair value on the date the derivative is contracted and are subsequently measured at fair value. Derivatives are presented in assets when their fair value is positive and in liabilities when their fair value is negative.

In terms of hedge accounting, hedges are classified as:

- Fair value hedge when the purpose is to hedge the exposure to fair value changes of a registered asset or liability or an unregistered Companys' commitment;
- Cash flow hedge when the purpose is to hedge the exposure to cash flow variability arising from a specific risk associated with the whole or a component of a registered asset or liability or an anticipated highly probable occurrence or exchange risk associated with an unregistered Company' commitment;
- Coverage of a net investment in a foreign operational unit.

NOS uses derivative financial instruments with fair value and cash flow hedges.

At the beginning of the hedge relationship, the Company formally designates and documents the hedging relationship for which hedge accounting is intended to apply as well as the management and strategy purpose of such hedge.

The documentation includes the identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Company will assess whether the hedging

relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

i) There is an economic relationship' between the hedged item and the hedging instrument;
ii) The effect of credit risk does not "dominate the value changes" that result from that economic relationship; and
iii) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedges that quantity of hedged item.

Hedges that meet all the quantifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Company uses forward contracts of: i) currency contracts for its exposure to foreign currency risk in forecast transactions and firm commitments; ii) interest rates to cover the risk of volatility of the interest rates; iii) own shares contracts for its exposure to volatility in own shares to be distributed within the scope of share incentive scheme. The ineffective portion relating to foreign currency contracts is recognised as "Net foreign exchange losses/(gains)", the ineffective portion relating to interest rates is recognised as "Financial costs" and the ineffective portion relating to own shares contracts is recognised as "Wages and salaries".

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a Company's commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

2.12. SUBSIDIES

Subsidies are recognised at their fair value when there is a reasonable assurance that they will be received and the Company will meet the requirements for their award.

Operating subsidies, mainly for employee training, are recognised in the income statement by deduction from the corresponding costs incurred.

Investment subsidies are recognised in the statement of financial position as deferred income and it is recognised as income on a systematic and rational basis over the useful life of the asset.

If the subsidy is considered as deferred income, it is recognised as income on a systematic and rational basis during the useful life of the asset.

2.13. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised when: (i) there is a present obligation arising from past events and it is likely that in settling that obligation, the expenditure of internal resources will be necessary; and (ii) the amount or value of such obligation can be reasonably estimated. When one of the above conditions is not met, the Company discloses the events as a contingent liability unless the likelihood of an outflow of funds resulting from this contingency is remote, in which case they are not disclosed.

Provisions, for legal procedures taking place against the Company are made in accordance with the risk assessments carried out by the Company and by their legal advisers, based on success rates.

Provisions for restructuring are only recognised when the Company has a detailed and formal plan, which identifies the main features of the restructuring programme and after these facts have been reported to the entities involved.

Obligations that result from onerous contracts are registered and measured as provisions. There is an onerous contract when the Company is an integral part of a contract, which entail costs that exceed the future economic benefits.

Provisions for potential future operating losses are not covered.

Contingent liabilities are not recognised in the financial statements, unless the exception provided under IFRS 3 business combination, and are disclosed whenever there is a good chance to shed resources including economic benefits. Contingent assets are not recognised in the financial statements, being disclosed when there is a likelihood of a future influx of financial resources.

Provisions are reviewed and brought up to date at the date of the statement of financial position to reflect the best estimate at that time of the obligation concerned.

2.14. RIGHTS OF USE AND LEASES

A lease is defined as a contract, or part of a contract, that transfers the right to use a good (the underlying asset) for a period in exchange for a value.

At the beginning of each contract, it is evaluated and identified if it is or contains a lease. This assessment involves an exercise of judgment as to whether each contract depends on a specific asset, if the NOS obtains substantially all the economic benefits from the use of that asset and whether the NOS has the right to control the use of the asset.

All contracts that constitute a lease are accounted for on the basis of the on-balance model in a similar way with the treatment that IAS 17 establishes for financial leases.

At the commencement date of the lease, NOS recognises the liability related to lease payments (lease liability) and the asset representing the right to use the underlying asset during the lease period (the right of use or "ROU").

The cost of interest on the lease liability and the depreciation of the ROU are recognised separately.

Lease liabilities are remeasured at the occurrence of certain events (such as a change in the lease period, a change in future payments that result from a change in the reference rate or rate used to determine such payments). This remeasurement of the lease liability is recognised as an adjustment in the ROU.

2.14.1. RIGHTS OF USE OF ASSETS

The Company recognises the right to use the assets at the start date of the lease (that is, the date on which the underlying asset is available for use).

The right to use the assets is recorded at acquisition cost, deducted from accumulated depreciation and impairment losses and adjusted for any new measurement of lease liabilities. The cost of the ROU of the assets includes the recognised amount of the lease liability, any direct costs incurred initially and payments already made prior to the initial rental date, less any incentives received. When IFRS 16 was implemented, during the computation of the values of rights of use, the potential impact of the costs of dismantling and removal of the assets wasn't considered, since they were already registered as fixed assets.

Unless it is reasonably certain that the Company obtains ownership of the leased asset at the end of the lease term, the recognised right of use of the assets is depreciated on a straight-line basis over the shorter of its estimated useful life and the term of the lease.

Rights of use are subject to impairment.

The rights of used of assets are depreciated using the straight-line method by the shortest period between length of the contract and its expected useful life.

If at the end of the leasing contract the asset is transferred to the company, or if the cost reflects the possibility of exercising the call option, the depreciation is calculated according to the estimated useful life of the asset.

2.14.2. LIABILITIES WITH LEASES

At the start date of the lease, the Company recognises the liabilities measured at the present value of the future payments to be made until the end of the lease.

Lease payments include fixed payments (including fixed payments on the substance), deducted of any incentives to be received, variable payments, dependent on an index or rate, and expected amounts to be paid under residual value guarantees. The lease payments also include the exercise price of a call option if it is reasonably certain that the Company will exercise the option, and penalties for termination of the lease if it is reasonably certain that the Company will terminate the lease.

Variable payments that do not depend on an index or a rate are recognised as an expense in the period in which the event giving rise to them occurs.

To calculate the present value of the lease payments, the Company uses the incremental loan rate at the start date of the lease if the implied interest rate is not readily determinable.

After the start date of the lease, the value of the lease liability is increased to reflect the increase in interest and reduces by the payments made. In addition, the book value of the lease liability is remeasured if there is a change, such as a change in the lease term, fixed payments or the purchase decision of the underlying asset.

2.15. INCOME TAX

NOS is covered by the special tax regime for groups of companies, which covers all the companies in which it directly or indirectly owns at least 75% of the share capital and which simultaneously are resident in Portugal and subject to Corporate Income Tax (IRC).

The remaining subsidiaries not covered by the special tax regime for groups of companies are taxed individually based on their respective taxable incomes and the applicable tax rates.

Income tax is stated in accordance with the IAS 12 criteria. In calculating the cost relating to income tax for the period, in addition to current tax, allowance is also made for the effect of deferred tax calculated in accordance with the liability method, taking into account the temporary differences resulting from the difference between the tax basis of assets and liabilities and their values as stated in the Company's financial statements, and the tax losses carried forward at the date of the statement of financial position. The deferred income tax assets and liabilities were calculated based on the tax legislation currently in force or of legislation already published for future application.

Deferred income tax assets are recognized for all the deductible temporary differences until it is likely that a taxable profit is obtained to which the deductible temporary difference may be used, unless the deferred income tax asset results from the initial recognition of an asset or liability in a transaction which:

a) Is not a concentration of business activities;

b) At the moment of the transaction, it does not affect neither the accounting profit nor the taxable profit (fiscal loss);

c) With respect to deductible temporary differences arising from investments in subsidiaries, branches and associates and interests in joint arrangements, deferred income tax assets are recognized only to the extent that the temporary difference will revert in the foreseeable future and taxable profit against which the temporary difference can be used will be available.

As stipulated in the above standard, deferred income tax assets are recognised only when there is reasonable assurance that these may be used to reduce future taxable profit, or when there are deferred income tax liabilities whose reversal is expected to occur in the same period in which the deferred income tax assets are reversed. At the end of each period, an assessment is made of deferred income tax assets, and these are adjusted in line with the likelihood of their future use.

The amount of tax that are either to be included in current tax or in deferred tax, resulting from transactions or events recognised in equity accounts, is directly recorded under those items and does not affect the results for the period.

In a business combination, the deferred tax benefits acquired are recognised as follows:

a) The deferred tax benefits acquired in the measurement period of one year after the merger, and that result from new information about facts and circumstances that existed at the date of acquisition are recorded against the goodwill-carrying amount related to the acquisition. If the goodwill carrying value is null, any remaining deferred tax benefits are recognised in the income statement.

b) All the other acquired deferred tax benefits performed are recognised in the income statement (when applicable, directly in shareholders' equity).

2.16. SHARE-BASED PAYMENTS

The benefits granted to employees under share purchase or share option incentive plans are recorded in accordance with the requirements of IFRS 2 – Share-based payments.

In accordance with IFRS 2, since it is not possible to reliably estimate the fair value of the services received from employees, their value is measured by reference to the fair value of equity instruments (own shares) in accordance with their share price at the grant date.

The cost is recognised linearly over the period in which the service is provided by employees, under the caption "Wages and salaries" in the income statement, with the corresponding increase in other reserves, in equity.

The accumulated cost recognised at the date of each statement of financial position up to the vesting reflects the best estimate of the number of own shares that will be vested, weighted by the time elapsed between the grant and the vesting. The impact on the income statement each year corresponds to the accumulated cost valuation between the beginning and the end of the year.

In turn, benefits granted based on shares but paid in cash lead to the recognition of a liability valued at fair value at the date of the statement of financial position.

Additionally, the Board of Directors of NOS SGPS, responsible for the plans' attribution, can decide an additional debit related to costs associated to their management, which is debited to its subsidiaries and recognised in equity.

2.17. CAPITAL

Legal reserve
Portuguese commercial legislation requires that at least 5% of annual net profit must be appropriated to a legal reserve until it represents at least 20% of the share capital. This reserve is not distributable, except in case of liquidation, but can be used to absorb losses, after having exhausted all other reserves and to increase share capital.

Share premium reserves
Issue of shares corresponds to premiums from the issuance or capital increases. According to Portuguese law, share premiums follow the treatment given to the "Legal Reserve", that is, the values are not distributable, except in case of liquidation, but can be used to absorb losses after having exhausted all other reserves and to increase share capital.

Reserves for plans of medium term incentive
According to IFRS 2 - "Share-based payments", the responsibility with the medium-term incentive plans settled by delivery of own shares is recorded as credit, under "Reservations for mid-term incentive plans" and such reserve is not likely to be distributed or used to absorb losses.

The Company recognises in equity the responsibility of all the action plans of various companies in the NOS Group, since it is responsible for its delivery to its employees, against results for the year and accounts receivable of subsidiaries when dealing with own employees or employees of subsidiary companies, respectively.

Hedging reserves
Hedging reserves reflect the changes in fair value of derivative financial instruments as cash flow hedges that are considered effective, and they are not likely to be distributed or be used to absorb losses.

Own shares reserves
The "own shares reserves" reflect the value of the shares acquired and follows the same legal regime as the legal reserve. Under Portuguese law, the amount of distributable reserves is determined according to the individual financial statements of the company prepared in accordance with IFRS. In addition, the increases resulting from the application of fair value through equity components, including its application through the net profit can only be distributed when the elements that originated them are sold, exercised liquidated or when the end their use, in the case of tangible fixed assets or intangible assets.

Own shares
The own shares are recorded at acquisition cost as a deduction from equity. Gains or losses on the sale of own shares are recorded under "other reserves".

Dividends
The company recognizes the liability, as well as its impact over the equity, associated with the responsibility to distribute dividends when it is approved by the shareholders.

Retained results
This item includes the results available for distribution to shareholders and earnings per fair value in financial instruments increases, financial investments and investment properties, which, in accordance with paragraph 2 of article 32 of the CSC, will only be available for distribution when the elements or rights that originated them are sold, exercised, terminated, or settled.

2.18. REVENUE

The Company's revenue is based on the five-step model established by IFRS 15:

- Identification of the contract with the customer;
- Identification of performance obligations;
- Determining the price of the transaction;
- Allocation of the price of the transaction to the performance obligations; and
- Recognition of revenue.

Thus, at the beginning of each contract, the Company evaluates the promised goods or services and identifies, as a performance obligation, every promise of transfer to the customer of any distinct good or service (or package of goods or services). These promises in customer contracts may be express or implied, provided such promises create a valid expectation in the client that the entity will transfer a good or service to the customer, based on the entity's published policies, specific statements or usual business practices.

The Company only provide services so the recognition of revenue occurs at the time of performance of each performance obligation.

Interest revenue is recognised using the effective interest method, only when they generate future economic benefits for the Company and when they can be measured reliably.

Revenue from dividends is recognised when the Company's right to receive the correspondent amount is established.

2.19. ACCRUALS

Company's revenues and costs are recognised in accordance with the accrual's principle, under which they are recognised as they are generated or incurred, regardless when they are received or paid.

The costs and revenues related to the current period and whose expenses and income will only occur in future periods are registered under "Accounts receivable", "Prepaid Expenses", "Accrued expenses" and "Deferred income", as well as the expenses and income that have already occurred that relate to future periods, which will be recognised in each of those periods, for the corresponding amount.

The costs related to the current period and whose expenses will only occur in that future periods are registered under "Accrued expenses" when it is possible to estimate with certainty the related amount, as well as the timing of the expense's materialization. If uncertainty exists related to any of these aspects, the value is classified as Provisions.

2.20. FINANCIAL CHARGES AND BORROWINGS

Financial charges related to borrowings are recognised as costs in accordance with the accruals principle, except in the case of loans incurred (whether these are generic or specific) for the acquisition, construction or production of an asset that takes a substantial period (over one year) to be ready for use, which are capitalised in the acquisition cost of that asset. Costs from capitalized borrowings are determined having in consideration the amount of borrowing costs obtained that can be capitalized, according to the application of a capitalization rate over the charges associated with that asset. The capitalization rate (aligned with NOS' average financing rate) as well as with the costs to be capitalized are determined monthly, taking into consideration the monthly balance of eligible borrowings and the monthly amount of the asset in progress that qualifies.

2.21. FAIR VALUE MEASUREMENT

The Company measures part of the financial assets, such as financial assets available for sale, and some of its non-financial assets at fair value on the date of the financial statements.

The fair value measurement assumes that the asset or liability is exchanged in an orderly transaction among market participants to sell the asset or transfer the liability at the measurement date under current market conditions. The fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability may occur:

- On the main market of the assets and liabilities, or
- In the absence of a primary market, it is assumed that the transaction occurs in the most advantageous market. This is what maximises the amount that would be received for selling asset or minimises the amount that would be paid to transfer the liability, after considering transaction costs and transport costs.

Since different entities and businesses within a single entity can have access to different markets, the main or most advantageous market for the same asset or liability can vary from one entity to another, or even between businesses within the same entity, but it is assumed that they are accessible to the Company.

The fair value measurement uses assumptions that market participant's use in defining price of the asset or liability, assuming that market participants would use the asset to maximise its value.

The Company uses valuation techniques appropriate to the circumstances whenever there is information to measure the fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities measured at fair value or of which disclosure is mandatory, are rated on a fair value hierarchy, which ranks data in three levels to be used in the measurement at fair value, and detailed below:

Level 1 – Listed and unadjusted market prices, in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 - valuation techniques using inputs that aren't quoted, but which are directly or indirectly observable;

Level 3 - valuation techniques using inputs not based on observable market data, based on unobservable inputs.

The fair value measurement is classified in the same fair value hierarchy level at the lowest level of input, which is significant to the measurement as a whole.

2.22. EMPLOYEE BENEFITS

Personnel expenses are recognised when the service is rendered by employees independently of their date of payment. Here are some specificities:

a) Termination of employment. The benefits for termination of employment are due for payment when there is cessation of employment before the normal retirement date or when an employee accepts voluntarily to leave in exchange of these benefits. The company recognises these benefits when it can be shown being committed to a termination of current employees according to a detailed formal plan for termination and there is no realistic possibility of withdrawal or these benefits are granted to encourage voluntary redundancy. When the benefits of cessation of employment are due more than 12 months after the balance sheet date, they are updated to their present value.

b) Holiday, holiday allowances and bonuses. According to the labour law, employees are entitled to 22 days annual leave, as well as one month of holiday allowances, rights acquired in the year preceding payment. These liabilities of the company are recorded when incurred, independently of the moment of payment, and are reflected under the item "Accounts payable and other".

c) Labour Compensation Fund (FCT) and the Labour Compensation Guarantee Fund (FGCT). Based on the publication of Law No. 70/2013 and subsequent regulation by Order No. 294-A / 2013, entered into force on 1 October the Labour Compensation Fund schemes (FCT) and the Guarantee Fund Compensation of Labour (FGCT). In this context, companies that hire a new employee are required to deduct a percentage of the respective salary for these two new funds (0.925% to FCT and 0.075% to FGCT), in order to ensure, in the future, the partial payment the compensation for dismissal. Considering the characteristics of each Fund, the following is considered:

- The monthly deliveries to FGCT, made by the employer are recognised as expense in the period to which they relate;
- The monthly deliveries to FCT, made by the employer are recognised as a financial asset of the entity, measured at fair value with changes recognised in the respective results.

2.23. STATEMENT OF CASH FLOWS

The statement of cash flows is prepared in accordance with the direct method. The Company classifies under "Cash and cash equivalents" the assets with maturities of less than three months and for which the risk of change in value is negligible. For purposes of the statement of cash flows, the balance of cash and cash equivalents also include bank overdrafts included in the statement of financial position under "Borrowings".

The statement of cash flows is divided into operating, investment, and financing activities.

Operating activities include cash received from customers and payments to suppliers, staff and others related to operating activities.

The cash flows included in investment activities include acquisitions and disposals of investments in subsidiaries and cash received and payments arising from the purchase and sale of tangible and intangible assets, amongst others.

Financing activities include cash received and payments relating to borrowings, the payment of interest and similar costs, finance leases, the purchase and sale of own shares and the payment of dividends.

2.24. SUBSEQUENT EVENTS

Events occurring after the date of the statement of financial position, which provide additional information about conditions that existed at that date, are taken into account in the preparation of financial statements for the period.

Events occurring after the date of the statement of financial position, which provide information on conditions that occur after that date, are disclosed in the notes to the financial statements, when they are materially relevant.

3. Judgements and estimates

The preparation of financial statements requires the Company's management to make judgments and estimates that affect the statement of financial position and the reported results. These estimates are based on the best information and knowledge about past and/or present events, and on the operations that the Company considers may it may implement in the future. However, at the date of completion of such operations, their results may differ from these estimates.

Changes to these estimates that occur after the date of approval of the financial statements will be corrected in the income statement in a prospective manner, in accordance with IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors".

The estimates and assumptions that imply a greater risk of giving rise to a material adjustment in assets and liabilities are described below:

3.1. RELEVANT ACCOUNTING ESTIMATES

3.1.1. PROVISIONS

The Company periodically reviews any obligations arising from past events, which should be recognised or disclosed. The subjectivity involved in determining the probability and amount of internal resources required to meet obligations may give rise to significant adjustments, either due to changes in the assumptions made, or due to the future recognition of provisions previously disclosed as contingent liabilities.

3.1.2. TANGIBLE AND INTANGIBLE ASSETS

The determination of the useful lives of assets as well as the amortisation / depreciation method to be applied is crucial in determining the amount of amortisation / depreciation to be recognised in the statement of comprehensive income for each year. These two parameters are defined using management's best estimates for the assets and businesses concerned, and taking account of the practices adopted by sector companies at international level.

3.1.3. IMPAIRMENT ASSETS, EXCLUDING GOODWILL
The determination of a possible impairment loss can be triggered by the occurrence of various events, many of which outside the Company's sphere of influence, such as future availability of financing, cost of capital, as well as any other changes, either internal or external, to the Company.

The identification of impairment indicators, the estimation of future cash flows and determining the fair value of assets involve a high degree of judgment by the Board of Directors with regard to the identification and evaluation of different impairment indicators, expected cash flows, applicable discount rates, useful lives, and residual values.

3.1.4. IMPAIRMENT OF GOODWILL
Goodwill is subjected to impairment tests annually or whenever there are indications of a possible loss of value. The recoverable values of the cash-generating units to which goodwill is allocated are determined based on the calculation of current use values. These calculations require the use of estimates by management.

3.1.5. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES
When the fair value of an asset or liabilities is calculated, on an active market, the respective market price is used. When there is no active market, which is the case with some of the Company's financial assets and liabilities, valuation techniques generally accepted in the market, based on market assumptions, are used.

The Company uses evaluation techniques for unlisted financial instruments such as derivatives. The valuation models that are used most frequently are discounted cash flow models and options models, incorporating, for example, interest rate curves and market volatility.

For certain types of more complex derivatives, more advanced valuation models are used containing assumptions and data that are not directly observable in the market, for which the Company uses internal estimates and assumptions.

3.2. MISSTATEMENT, ESTIMATES AND CHANGES TO ACCOUNTING POLICIES

During the financial years ended on 31 December 2019 and 2020, no material misstatements relating to previous years were recognised.

4. Risk management

4.1. FINANCIAL RISK FACTORS

NOS as a holding company (SGPS) develops direct and indirect management activities over its subsidiaries. Thus, the fulfilment of assumed obligations depends on the cash flows generated by these. Therefore, the company depends on the eventual distribution of dividends by its subsidiaries, the payment of interest, repayment of loans and other cash flows generated by those companies.

The ability of NOS' subsidiaries to have available funds will depend, in part, on its ability to generate positive cash flows and, on the other hand, is dependent on the respective results, available reserves, and financial structure.

NOS has a program of risk management that focuses its analysis on the financial markets in order to minimise potential adverse effects on its financial performance. Risk management is handled by the Financial Management in accordance with the policy approved by the Board. There is also at NOS an Internal Control Committee with specific functions in the control area of risks of the activity of the Company.

4.2. EXCHANGE RATE RISK

Exchange rate risk is mainly related to exposure resulting from payments made to foreign suppliers mainly denominated in US dollars. Depending on the balance of accounts payable resulting from transactions in a currency different from the Company's operating currency, the Company's subsidiaries contract or may contract financial instruments, namely short-term foreign currency forwards, in order to hedge the risk associated with these balances.

NOS has investments in foreign companies whose assets and liabilities are exposed to ex-change rate variations (the Group has two subsidiaries in Mozambique, Lusomundo Moçambique and Mstar, whose functional currency is the Metical, four in Angola, Finstar, ZAP Media, ZAP Cinemas and ZAP Publishing whose functional currency is the Kwanza). NOS has not adopted any policy of hedging the risk of exchange rate variations for these companies on cash flows in foreign currencies.

Additional disclosures are made in the consolidated financial statements of NOS.

At 31 December 2021 and 2022, balances payable to suppliers in currencies other than the Euro are not material.

4.3. INTEREST RATE RISK

The risk of fluctuations in interest rates can result in a cash flow risk or a fair value risk, depending on whether variable or fixed interest rates have been negotiated.

NOS has adopted a policy of hedging risk through the use of interest rate swaps to hedge future interest payments on bond loans and other borrowings.

NOS uses a sensitivity analysis technique which measures the expected impacts on results and equity of an immediate increase or decrease of 0.25% (25 basis points) in market interest rates, for the rates applying at the date of the statement of financial position for each class of financial instrument, with all other variables remaining constant. This analysis is for illustrative purposes only, since in practice market rates rarely change in isolation.

The sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect interest receivable or payable on financial instruments with variable rates;
- Changes in market interest rates only affect interest receivable or payable on financial instruments with fixed interest rates when they are recognised at fair value;
- Changes in market interest rates affect the fair value of derivatives and other financial assets and liabilities;
- Changes in the fair value of derivatives and other financial assets and liabilities are estimated by discounting future cash flows from current net values using market rates at the end of the year.

Under these assumptions, an increase or decrease of 0.25% in market interest rates for loans that are not covered or loans with variable interest at 31 December 2022 would have resulted in an increase or decrease in annual profit before tax of approximately 1.4 million euros (2021: 0.9 million euros).

Regarding the interest rate swaps contracted, the sensitivity analysis that measures the estimated impacts of an immediate increase or decrease of 0.25% (25 basis points) in market interest rates, results in changes, compared to the current fair value of the instruments of more than 183 thousand euros (2021: approximately 0 euros) and less 167 thousand euros (2021: approximately 0 euros).

Additional disclosures are made in the consolidated financial statements of NOS.

4.4. CREDIT RISK

Credit risk is mainly related to the risk of a counterparty defaulting on its contractual obligations, resulting in a financial loss to the Company's subsidiaries. The Company's subsidiaries are exposed to credit risk in its operating and treasury activities.

This risk is monitored on a regular business basis, and the aim of management is to: i) limit the credit granted to customers, using the average payment time by each customer; ii) monitor the trend in the level of credit granted; and iii) analyse the impairment of receivables on a regular basis.

The Company's subsidiaries do not face any serious credit risk with any particular client, insofar as the accounts receivable derive from a large number of clients from a wide range of businesses and the subsidiaries obtain credit guarantees, whenever the financial situation of the customer requires.

Additional disclosures are made in the consolidated financial statements of NOS.

4.5. LIQUIDITY RISK

Prudent management of liquidity risk requires the maintenance of an adequate level of cash and cash equivalents to meet the liabilities associated with the negotiation of credit facilities with financial institutions. Under the model adopted, the Group has:

i. Commercial paper programmes of which around 408 million euros is being used, of which 5.5 million euros issued under programs without underwriting. The commercial paper programmes have a total amount of 710 million euros, corresponding to thirteen programmes, with six banks, including 572.5 million euros which bear interest at market rates and 137.5 million euros issued in fixed rate;

ii. Private and direct cash bonds to the value of 590 million euros;

Based on estimated cash flows and taking into consideration the compliance with any covenants typically existing in loans payable, management regularly monitors the forecasts of liquidity reserves by the Group, including the amounts of unused credit lines, amounts of cash and cash equivalents.

Complementary disclosures are made in the consolidated financial statements of NOS.

4.6. CAPITAL RISK MANAGEMENT

At 31 December 2022, NOS holds financial assets and liabilities valued at fair value, namely Equity Swap derivatives and interest rate swap derivatives (Note 21).

In accordance with IFRS 13 - Fair value measurement, the levels of the fair value hierarchy are described as follows:

- Level 1 - Financial instruments valued based on quotations in active markets to which the company has access are included in this category, securities valued based on executable (immediate liquidity) published by external sources.
- Level 2 - Financial instruments whose value is based on directly or indirectly observable data in active markets are included in this category, securities valued based on bids provided by external entities and internal valuation techniques using only observable market data.
- Level 3 - All financial instruments valued at fair value that do not fall in level 1 and 2.

The calculation of the fair value of interest rate swaps derivatives was based on the estimate of discounted future cash flows (Level 2).

Complementary disclosures are made in the consolidated financial statements of NOS

5. Financial assets and liabilities classified in accordance with the IFRS 9 categories – financial instruments

The accounting policies set out in IFRS 9 for financial instruments were applied to the following items:

	31-12-2022					
	LOANS AND RECEIVABLES	DERIVATIVES	OTHER FINANCIAL LIABILITIES	TOTAL FINANCIAL ASSETS / LIABILITIES	NON FINANCIAL ASSETS / LIABILITIES	TOTAL
ASSETS						
Accounts receivable - non current (Note 10)	1,130,053,000	-	-	1,130,053,000	-	1,130,053,000
Available-for-sale financial assets (Note 12)	12,950	-	-	12,950	-	12,950
Accounts receivable - current (Note 10)	111,915,069	-	-	111,915,069	6,477	111,921,546
Derivative financial instruments (Note 21)	-	10,946,504	-	10,946,504	-	10,946,504
Cash and cash equivalents (Note 15)	7,633,072	-	-	7,633,072	-	7,633,072
TOTAL FINANCIAL ASSETS	**1,249,614,091**	**10,946,504**	**-**	**1,260,560,595**	**6,477**	**1,260,567,072**
LIABILITIES						
Borrowings - non current (Note 17)	-	-	654,532,339	654,532,339	-	654,532,339
Accrued expenses - non current (Note 19)	-	-	454,886	454,886	-	454,886
Borrowings - current (Note 17)	-	-	345,946,205	345,946,205	-	345,946,205
Accounts payable - current (Note 22)	-	-	117,677,351	117,677,351	-	117,677,351
Accrued expenses - current (Note 19)	-	-	3,012,931	3,012,931	-	3,012,931
Derivative financial instruments (Note 21)	-	-	-	-	-	-
TOTAL FINANCIAL LIABILITIES	**-**	**-**	**1,121,623,712**	**1,121,623,712**	**-**	**1,121,623,712**

	31-12-2021					
	LOANS AND RECEIVABLES	DERIVATIVES	OTHER FINANCIAL LIABILITIES	TOTAL FINANCIAL ASSETS / LIABILITIES	NON FINANCIAL ASSETS / LIABILITIES	TOTAL
ASSETS						
Accounts receivable - non current (Note 10)	735,361,135	-	-	735,361,135	-	735,361,135
Available-for-sale financial assets (Note 12)	12,951	-	-	12,951	-	12,951
Accounts receivable - current (Note 10)	587,161,040	-	-	587,161,040	16,036	587,177,076
Derivative financial instruments (Note 21)	-	105,008	-	105,008	-	105,008
Cash and cash equivalents (Note 15)	360,472	-	-	360,472	-	360,472
TOTAL FINANCIAL ASSETS	**1,322,895,598**	**105,008**	**-**	**1,323,000,606**	**16,036**	**1,323,016,642**
LIABILITIES						
Borrowings - non current (Note 17)	-	-	806,994,281	806,994,281	-	806,994,281
Accrued expenses - non current (Note 19)	-	-	951,891	951,891	-	951,891
Borrowings - current (Note 17)	-	-	235,142,116	235,142,116	-	235,142,116
Accounts payable - current (Note 22)	-	-	140,728,845	140,728,845	-	140,728,845
Accrued expenses - current (Note 19)	-	-	2,709,601	2,709,601	-	2,709,601
Derivative financial instruments (Note 21)	-	333,609	-	333,609	-	333,609
TOTAL FINANCIAL LIABILITIES	**-**	**333,609**	**1,186,526,734**	**1,186,860,343**	**-**	**1,186,860,343**

Considering its nature, the balances of the amounts to be paid and received to/from state and other public entities were considered outside the scope of IFRS 7. Also, the captions of "Prepaid expenses" and "Deferred Income" were not included in this note, as the nature of such balances are not included in the scope of IFRS 7.

The Board of Directors believes that, the fair value of the breakdown of financial instruments recorded at amortised cost or registered at the present value of the payments does not differ significantly from their book value. This decision is based in the contractual terms of each financial instrument.

The Company's activity is subject to a variety of financial risks, such as market risk, liquidity risk and economical and judicial risks, which are described in Note 4.

6. Tangible assets

During the years ended at 31 December 2021 and 2022, the movements in acquisition costs and accumulated depreciation in this item were as follows:

	31-12-2020	INCREASES	DISPOSALS AND WRITE-OFFS	TRANSFERS AND OTHERS	31-12-2021
ACQUISITION COST					
Buildings and other constructions	253,332	-	-	-	253,332
Basic equipment	227,448	-	-	2	227,450
Tools and dies	7,965	-	-	-	7,965
Administrative equipment	2,425,487	9,181	-	4	2,434,672
Other tangible assets	293,592	-	-	(2)	293,590
	3,207,824	**9,181**	**-**	**4**	**3,217,009**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES					
Buildings and other constructions	253,332	-	-	-	253,332
Basic equipment	227,122	95	-	4	227,221
Tools and dies	7,965	-	-	-	7,965
Administrative equipment	2,416,974	7,800	-	-	2,424,774
Other tangible assets	152,048	-	-	-	152,048
	3,057,441	**7,895**	**-**	**4**	**3,065,340**
	150,383	**1,286**	**-**	**-**	**151,669**

	31-12-2021	INCREASES	DISPOSALS AND WRITE-OFFS	TRANSFERS AND OTHERS	31-12-2022
ACQUISITION COST					
Buildings and other constructions	253,332	-	-	-	253,332
Basic equipment	227,450	-	-	-	227,450
Tools and dies	7,965	-	-	-	7,965
Administrative equipment	2,434,672	6,041	(1,483)	-	2,439,230
Other tangible assets	293,590	-	-	-	293,590
	3,217,009	**6,041**	**(1,483)**	**-**	**3,221,567**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES					
Buildings and other constructions	253,332	-	-	-	253,332
Basic equipment	227,221	95	-	(1)	227,315
Tools and dies	7,965	-	-	-	7,965
Administrative equipment	2,424,774	7,598	(1,483)	1	2,430,890
Other tangible assets	152,048	-	-	-	152,048
	3,065,340	**7,693**	**(1,483)**	**-**	**3,071,550**
	151,669	**(1,652)**	**-**	**-**	**150,017**

7. Intangible assets

During the years ended at 31 December 2021 and 2022, the movements in acquisition costs and accumulated amortisation and impairment losses in this item were as follows:

	31-12-2020	INCREASES	DISPOSALS AND WRITE-OFFS	TRANSFERS AND OTHERS	31-12-2021
ACQUISITION COST					
Industrial property and other rights	5,538,531	-	-	-	5,538,531
Goodwill	453,888,879	-	-	-	453,888,879
Software	461,345	-	-	-	461,345
	459,888,755	**-**	**-**	**-**	**459,888,755**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES					
Industrial property and other rights	5,537,384	1,145	-	-	5,538,529
Software	461,345	-	-	-	461,345
	5,998,729	**1,145**	**-**	**-**	**5,999,874**
	453,890,026	**(1,145)**	**-**	**-**	**453,888,881**

	31-12-2021	INCREASES	DISPOSALS AND WRITE-OFFS	TRANSFERS AND OTHERS	31-12-2022
ACQUISITION COST					-
Industrial property and other rights	5,538,531	-	-	-	5,538,531
Goodwill	453,888,879	-	-	-	453,888,879
Software	461,345	-	-	-	461,345
	459,888,755	**-**	**-**	**-**	**459,888,755**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES					
Industrial property and other rights	5,538,529	-	-	-	5,538,529
Software	461,345	-	-	-	461,345
	5,999,874	**-**	**-**	**-**	**5,999,874**
	453,888,881	**-**	**-**	**-**	**453,888,881**

Goodwill

At 31 December 2021 and 2022, the value of goodwill results from the merger occurred on 27 August 2013, by the merger through the incorporation of Optimus SGPS into ZON, by overall transfer of the assets of Optimus SGPS into ZON.

Impairment tests on goodwill

In 2022 impairment tests were performed based on assessments in accordance with the discounted cash flow method, which corroborate the recoverability of the book value of the Goodwill. The amounts in these assessments are based on the historical performances and forecast growth of the businesses and their markets, incorporated in medium/long term approved plans.

These estimates are based on the following assumptions:

		AUDIOVISUALS SEGMENT	
	TELCO SEGMENT	NOS AUDIOVISUAIS	NOS CINEMAS
Discount Rate (before taxes)	6,5%	9,4%	9,4%
Assessment Period	5 anos	5 anos	5 years
EBITDA* Growth	3,0%	-6,2%	4,2%
Perpetuity Growth Rate	2,0%	2,0%	2,0%

* EBITDA= Operational result + Depreciations, amortizations and impairment losses + Restructuring Costs + Losses/(gains) with disposal of assets + Other costs/(gains) non-recurrent (CAGR - 5-year average)

In the Telco segment, the assumptions used are based on past performance, evolution of the number of customers, expected development of regulated tariffs, current market conditions, and expectations of future development.

In the cinema segment, the most affected segment by COVID-19, strong EBITDA growth is justified on the prospect of a recovery in activity to levels close to those pre-pandemic.

The number of years specified in the impairment tests depends on the degree of maturity of the several businesses and markets, and were determined based on the most appropriate criterion for the valuation of each cash-generating unit.

Sensitivity analyses were performed to variations in the discount rate and growth rate in the perpetuity of the various reported segments, of 1 percentage point and 0.4 percentage points, respectively.

In the telecommunications segment, sensitivity analysis were also performed to variations in the operational indicators RGU (Revenue Generating Unit), ARPU (Average Revenue per User), EBITDA and CAPEX, in perpetuity, of approximately 5%.

In the cinema segment, sensitivity analysis were conducted on variations in the projected number of tickets sold, average revenue per ticket, EBITDA and CAPEX, in perpetuity, of approximately 5%.

These simulations did not result in the need to reinforce impairment.

8. Rights of use

During the years ended at 31 December 2021 and 2022, the movements in this item were as follows:

	31-12-2020	INCREASES	DISPOSALS AND WRITE-OFFS	31-12-2021
ACQUISITION COST				
Buildings	65,785	-	-	65,785
Vehicles	827,886	118,840	-	946,726
	893,671	**118,840**	**-**	**1,012,511**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES				
Buildings	36,769	16,580	-	53,349
Vehicles	607,176	119,441	-	726,617
	643,945	**136,021**	**-**	**779,966**
	249,726	**(17,181)**	**-**	**232,545**

	31-12-2021	INCREASES	DISPOSALS AND WRITE-OFFS	31-12-2022
ACQUISITION COST				
Buildings	65,785	23,481	-	89,266
Vehicles	946,726	30,169	-	976,895
	1,012,511	**53,650**	**-**	**1,066,161**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES				
Buildings	53,349	23,198	-	76,547
Vehicles	726,617	88,686	-	815,303
	779,966	**111,884**	**-**	**891,850**
	232,545	**(58,234)**	**-**	**174,311**

These assets are amortised according to the duration of the respective agreement.

9. Investments in subsidiaries and associated companies

At 31 December 2021 and 2022, this item was as follows:

	INVESTMENTS	SUPPLEMENTARY CAPITAL	2021	INVESTMENTS	SUPPLEMENTARY CAPITAL	2022
NOS Comunicações	496,761,600	-	496,761,600	496,761,600	-	496,761,600
NOS Audio - Sales & Distribution	196,650,000	-	196,650,000	127,150,000	-	127,150,000
NOS Audiovisuais SGPS	21,114,500	65,000,000	86,114,500	25,168,000	35,000,000	60,168,000
Teliz	41,272,000	-	41,272,000	76,587,000	10,000	76,597,000
NOS Inovação	31,417,154	-	31,417,154	31,417,154	-	31,417,154
NOS Cinemas	25,876,270	-	25,876,270	25,876,270	-	25,876,270
NOS Property	9,000,000	-	9,000,000	9,000,000	-	9,000,000
NOS Corporate Center	6,050,000	-	6,050,000	6,050,000	-	6,050,000
Mstar	5,518,502	-	5,518,502	5,518,502	-	5,518,502
NOS Wholesale	4,335,000	-	4,335,000	4,335,000	-	4,335,000
Fundo NOS 5G	2,750,000	-	2,750,000	2,499,000	-	2,499,000
NOS Internacional SGPS	2,050,000	-	2,050,000	2,050,000	-	2,050,000
NOS Lusomundo SII	437,895	150,000	587,895	437,895	150,000	587,895
NOS Mediação de Seguros	50,000					
Upstar	26,528	-	26,528	26,528	-	26,528
Sport Tv	-	-	-	-	-	-
Lusomundo Moçambique	-	-	-	-	-	
	843,309,449	**65,150,000**	**908,459,449**	**812,926,949**	**35,160,000**	**848,086,949**

During the years ended at 31 December 2021 and 2022, the movement in "Financial Investments" of NOS was as follows:

	INVESTMENTS	SUPPLEMENTARY CAPITAL	TOTAL
BALANCE AS AT 1 JANUARY 2021	**861,233,949**	**65,150,000**	**926,383,949**
Increases	6,175,500	-	6,175,500
Impairments (Note 29)	(24,100,000)	-	(24,100,000)
BALANCE AS AT 31 DECEMBER 2021	**843,309,449**	**65,150,000**	**908,459,449**
BALANCE AS AT 1 JANUARY 2022	**843,309,449**	**65,150,000**	**908,459,449**
Increases	4,053,500	(29,990,000)	(25,936,500)
Impairments (Note 29)	(34,436,000)	-	(34,436,000)
BALANCE AS AT 31 DECEMBER 2022	**812,926,949**	**35,160,000**	**848,086,949**

During the year ended on 31 December 2022, the movements in the caption were as follows:

i. NOS Audio Sales: reinforcement of impairment by 69.5 million euros following the expected reduction in the results of some businesses;

ii. Teliz: reversal of impairment by 35.3 million euros due to improved operating results and improved macroeconomic prospects, namely exchange rate evolution;

iii. NOS Audivisuais SGPS: reduction of supplementary capital by 30 million euros;

iv. NOS Comunicações, S.A.: increase of share capital by 4 million euros

Assets, liabilities and shareholder's equity, income and statutory results of subsidiaries and associated companies at 31 December 2022 are as follows:

	ASSETS	LIABILITIES	SHAREHOLDER'S EQUITY	TOTAL INCOME	TOTAL EXPENSES	NET INCOME / (LOSS)	% HELD
NOS Comunicações	3,348,974,641	2,668,268,368	680,706,273	1,400,126,959	(1,358,999,476)	41,127,483	100%
NOS Audio - Sales and Distribution	60,069,088	23,397,837	36,671,250	68,792,872	(56,116,330)	12,676,542	71,45%
NOS Audiovisuais SGPS	120,190,054	43,962,370	76,227,684	102	14,157,028	14,157,130	100%
Teliz Holding B.V	89,253	62,885	26,368	-	(15,072)	(15,072)	100%
NOS Inovação	44,573,864	8,181,368	36,392,496	18,221,357	(14,091,568)	4,129,789	100%
NOS Lusomundo Cinemas	67,817,696	49,918,677	17,899,019	56,787,201	(49,776,293)	7,010,908	100%
NOS Property	28,966,420	9,607,424	19,358,995	22,659,102	(13,147,614)	9,511,488	100%
Mstar	17,399,240	9,008,608	8,390,632	30,664,701	(27,738,005)	2,926,696	29%
NOS Wholesale	15,688,770	6,220,902	9,467,869	27,638,051	(25,737,166)	1,900,885	100%
NOS Corporate Center	50,305,183	41,682,615	8,622,568	30,753,254	(28,996,132)	1,757,122	100%
Fundo NOS 5G	9,098,589	11,119	9,087,470	-	(278,820)	(278,820)	27,5%
NOS Internacional SGPS	1,967,922	6,964	1,960,958	51	(172,396)	(172,345)	100%
NOS Lusomundo SII	868,577	23,761	844,815	23	(63,204)	(63,181)	100%
NOS Seguros	300,933	150,913	150,020	184,580	(79,605)	104,975	100%
Upstar	21,065,194	18,873,382	2,191,812	21,422,539	(20,502,368)	920,171	30%
Sport TV	183,735,482	159,350,983	24,384,499	208,331,083	(196,251,018)	12,080,065	25%
Lusomundo Moçambique	480,895	1,153,626	(672,731)	3,507	(138,476)	(134,969)	90%

* On 2021, Sport TV changed the annual reporting period from December 31 to June 30 (aligned with the period of the football seasons), therefore, in the accounts presented in the table above, revenue and net income correspond to the values approved from January to June 2021, added from the results from July to December 2021.

In the year ended on31 December 2022, the assets, liabilities and results of these companies jointly controlled by NOS (through investment in Teliz), are:

Company	NON-CURRENT ASSETS	CURRENT ASSETS	NON-CURRENT LIABILITIES	CURRENT LIABILITIES	EQUITY	REVENUES	NET INCOME
Finstar	77,696,572	199,314,173	-	167,639,877	109,370,868	339,309,183	68,907,331
ZAP Media	29,113,145	24,832,763	-	39,566,181	14,379,727	50,267,570	11,835,418

Annually or whenever there are indicators of impairment, the carrying amount of financial investments is compared to its recoverable value. The existence of these indicators is determined when: i) the affiliate's share capital is lower than the carrying amount; or ii) there are recent transactions with implicit valuations lower than the carrying amount; or iii) the stake is located in hyper inflated countries.

Additional disclosures regarding Telco and Audiovisuals segments are made in the consolidated financial statements of NOS SGPS.

The extra impairment tests performed to Teliz's financial investment (which holds several financial investments in Angola) and Mstar (Mozambique), which are valued in Kwanzas and Meticais (local currencies) respectively, considered the conservative business plans , approved by NOS' Executive Committee, for a period of five years, which considers an average revenue growth rate (in local currencies) for the period of 3.1% (Angola) and 4.8% (Mozambique). The revenue growth rates reflect: (i) the best estimate for growth of the customer base, reflecting prudent expectations about new customers growth and churn rates; and (ii) an annual price growth that represents, for the period of 2023 to 2027, between 30% and 60% of the inflation rate, in line with the price increases seen in previous years.

The business plans also consider a perpetual growth rate of 6.4% and 5.5% in Angola and Mozambique, respectively, and a perpetual discount rate ("WACC") of 17.1% (Angola) and 19.2% (Mozambique). The discount rate for the period of 2023 to 2027 varies between 19.1% and 17.1% (at 2027) for Angola, and 20.4% and 19.7% (at 2027) for Mozambique, in line with the most prudent inflation rate forecasts (source: International Monetary Fund (IMF)).

Additionally, it must be considered that the present uncertain economic conditions of these markets, namely in the exchange market, the limits to the transfer of currency, and the legal constraints regarding the investments, especially in Angola, increase the level of variability of the assumptions of the model, which can have a significant impact on the estimates considered, namely related with the inflation rate and its impact on the ability to reflect it on the evolution of prices.

The Company prepared sensitivity analyses to the fluctuations of the discount rate (+-1 percentage point) and perpetual growth rate (+-1 percentage point). Additionally, the Company prepared sensitivity analyses to the fluctuations of the inflation rate and to its capacity to reflect the referred fluctuations on prices (simulation of several scenarios, with price repercussions between 0% and 100% of the inflation rate).

Additionally, the Company forecast null growth for the customer base in Finstar and Zap Media. Fluctuations of 1 percentage point for each variable were considered.

It is Board of Directors' belief that no additional impairment should be registered. Additionally, given the mentioned seizure of assets, material consequences to the operational management of the companies are not expected, nor to NOS, besides the restrictions on dividend distribution.

The Company has several controls in place regarding the financial reporting process of affiliated, jointly controlled and associated companies. The balances and transactions included in the reported financial statements are subjected to financial audits, when legally required. For the remaining companies, where financial audit is not legally required, specific review procedures are performed by the Company.

10. Accounts receivable

At 31 December 2021 and 2022, this item was as follows:

	2021		2022	
	CURRENT	NON CURRENT	CURRENT	NON CURRENT
ACCOUNTS RECEIVABLE				
Related parts i)	583,049,902	732,456,500	108,286,338	1,128,403,000
Accrued income - interest i)	3,007,234	-	2,519,532	-
Advances to suppliers	16,036	-	6,477	-
Others ii)	1,103,904	2,904,635	1,109,199	1,650,000
	587,177,076	**735,361,135**	**111,921,546**	**1,130,053,000**

i) At 31 December 2021 and 2022, the amounts receivable from related parties correspond predominantly to short-term loans, shareholder medium and long-term loans and interest receivable from subsidiaries and associated companies (Note 31). At the end of the year 2022, these short-term loans and supplies, bear interest at the rate of 1.4% and 2.2%, respectively.

ii) At 31 December 2022, this item corresponds, in most part, to the 2.9 million euros to be received for the disposal of NOS International Carrier Services.

11. Taxes payable and receivable

At 31 December 20201 and 2022, these items were composed as follows:

	2021		2022	
	DEBIT BALANCES	CREDIT BALANCES	DEBIT BALANCES	CREDIT BALANCES
Income taxes	-	3,993,824	-	13,692,866
Personnel income tax witholdings	-	92,051	-	100,285
Value-added tax	80,432	-	65,275	-
Social Security contributions	-	82,099	-	88,799
	80,432	**4,167,974**	**65,275**	**13,881,950**

At 31 December 2021 and 2022, the amounts receivable and payable in respect of income tax were as follows:

	2021	2022
Current income taxes estimative	(25,951,321)	(45,181,069)
Tax contingencies	-	-
Payments on account	20,472,833	29,575,740
Witholding income taxes	908,750	963,967
Income tax receivable	575,914	948,496
INCOME TAX (PAYABLE) / RECEIVABLE	**(3,993,824)**	**(13,692,866)**

The current income taxes estimative includes the Company and its subsidiaries' taxes estimates, included in the Consolidated Tax Group, where NOS SGPS is the parent company.

12. Available-for-sale financial assets

At 31 December 2021 and 2022, the item "Available-for-sale financial assets", in the amount of 12.950 euros, corresponds to equity investments of low value.

13. Taxes

NOS and its associated companies are subject to IRC - Corporate Income Tax - at the rate of 21% on taxable amount (taxable profit less eventual tax losses subject to deduction), plus IRC surcharge at the maximum rate of 1.5% on taxable profit, giving an aggregate rate of approximately 22.5%. Additionally, following the introduction of austerity measures approved by Law 66-B/2012 of 31 December, and respective addendum published by Law 114/2017 of 29 December, this rate was raised by 3% and will be applied to the company's taxable profit between 1.5 million euros and 7.5 million euros, by 5% to the company's taxable profit which between 7.5 million euros and 35 million euros, and by 9% to the company's taxable profit above 35 million euros.

In the calculation of taxable income, amounts, which are not fiscally allowable, are added to or subtracted from the book results. These differences between accounting income and taxable income may be of a temporary or permanent nature.

The Company is taxed in accordance with the Special Regime for Taxation of Corporate Groups, which covers the companies in which it directly or indirectly holds at least 75% of their share capital and which fulfil the requirements of Article 69 of the IRC Code.

The companies covered by the Special Regime for Taxation of Corporate Groups in 2021 are:

- NOS SGPS (parent company)
- Empracine
- Lusomundo Imobiliária
- Lusomundo SII
- NOS Açores
- NOS Audiovisuais
- NOS Audiovisuais SGPS
- NOS Cinemas
- NOS Comunicações SA
- NOS Inovação
- NOS Internacional SGPS
- NOS Audio – Sales and Distribution
- NOS Madeira
- NOS Mediação Seguros
- NOS Sistemas
- NOS Technology

- NOS Wholesale
- NOS Corporate Center
- NOS Property
- Per-mar
- Sontária
- Teliz

Under current legislation, tax declarations are subject to review and correction by tax authorities for a period of four years, except when tax losses have occurred or tax benefits have been obtained, whose term, in these cases, matches the deadline to use them. It should be noted that in the event of inspections, appeals, or disputes in progress, these periods might be extended or suspended.

The Board of Directors of NOS, based on information from its tax advisers, believes that these and any other revisions and corrections to these tax declarations, as well as other contingencies of a fiscal nature, will not have a significant effect on the financial statements as at 31 December 2022.

A) Deferred taxes

NOS has recorded deferred tax relating to temporary differences between the taxable basis and the book amounts of assets and liabilities and tax losses carried (when applicable) forward at the date of the statement of financial position.

The movements in deferred tax assets and liabilities for the financial years ended on 31 December 2021 and 2022 were as follows:

	31-12-2020	NET INCOME / (LOSS) FOR THE YEAR	SHAREHOLDER'S EQUITY	31-12-2021
DEFERRED INCOME TAX ASSETS:				
Derivatives (Note 21)	225,153	(53,316)	(96,773)	75,064
Share plans	390,039	47,000	-	437,039
Other provisions and adjustments	889,636	(36,974)	-	852,662
	1,504,828	**(43,290)**	**(96,773)**	**1,364,765**
DEFERRED INCOME TAX ASSETS:				
Tax procedures	(1,555,442)	(47,530)	-	(1,602,972)
Derivates (Note 21)	-	(23,627)	-	(23,627)
	(1,555,442)	**(71,157)**	**-**	**(1,626,599)**
Total	**(50,614)**	**(114,447)**	**(96,773)**	**(261,834)**

	31-12-2021	NET INCOME / (LOSS) FOR THE YEAR	SHAREHOLDER'S EQUITY	31-12-2022
DEFERRED INCOME TAX ASSETS:				
Derivatives (Note 21)	75,064	(33,243)	(41,821)	-
Share plans	437,039	147,202	-	584,241
Other provisions and adjustments	852,662	(586,493)	-	266,169
	1,364,765	**(472,534)**	**(41,821)**	**850,410**
DEFERRED INCOME TAX ASSETS:				
Tax procedures	(1,602,972)	318,051	-	(1,284,921)
Derivates (Note 21)	(23,627)	25,917	(2,465,253)	(2,462,963)
	(1,626,599)	**343,968**	**(2,465,253)**	**(3,747,884)**
Total	**(261,834)**	**(128,566)**	**(2,507,074)**	**(2,897,474)**

Deferred tax assets were recognised when it is probable that taxable profits will occur in future that may be used to absorb tax losses or deductible tax differences. This assessment was based on the business plan of the company, which is regularly revised and updated.

At 31 December 2021 and 2022, the tax rate used to calculate the deferred tax assets relating to temporary differences was 22.5%.

B) Effective tax rate reconciliation

In the years ended at 31 December 2021 and 2022, the reconciliation between the nominal and effective rates of tax was as follows:

	2021	2022
Income before taxes	224,489,915	69,607,605
Statutory tax rate	22.50%	22.50%
Estimated tax	**50,510,231**	**15,661,711**
Permanent differences (i)	(47,407,900)	(12,650,320)
Tax loss used under RETGS	496,502	506,342
Autonomous taxation	17,032	15,209
Other adjustments	155,135	(793,541)
Income taxes	**3,771,000**	**2,739,401**
Effective income tax rate	1.7%	3.9%
Income tax	3,704,083	2,292,784
Deferred tax	66,917	446,617
	3,771,000	**2,739,401**

(i) At 31 December 2021 and 2022, the permanent differences were composed as follows:

	2021	2022
Dividends received (Note 29)	(234,870,535)	(90,397,793)
Disposals of investments in subsidiaries (Note 9 and 29)	28,391	-
Impairment on Financial Investments (Note 9 and 29)	24,100,000	34,436,000
Others	40,365	(261,849)
	(210,701,779)	**(56,223,642)**
	22.50%	22.50%
	(47,407,900)	**(12,650,320)**

14. Prepaid expenses

At 31 December 2021 and 2022, this item was composed as follows:

	2021	2022
Insurances	58,996	90,322
Employees	3,118	3,250
Other prepaid expenses	24,449	24,666
	86,563	**118,238**

15. Cash and cash equivalents

At 31 December 2021 and 2022, this item was composed as follows:

	2021	2022
Cash	18,309	4,843
Deposits	342,163	7,628,229
	360,472	**7,633,072**

16. Shareholder's equity

16.1. SHARE CAPITAL

At 31 December 2021 and 2022, the share capital of NOS was 5,151,613.80 euros and 855,167,890.80 euros, respectively. At 31 December 2022, the share capital is represented by 515,161,380 shares registered book-entry shares, with a nominal value of 1.66 euro each (2021: 1 euro cent each).

The main shareholders at 31 December 2021 and 2022 are:

	2021		2022	
	NUMBER OF SHARES	% SHARE CAPITAL	NUMBER OF SHARES	% SHARE CAPITAL
Sonaecom, SGPS, S.A.	-	-	134,322,268	26.07%
ZOPT, SGPS, SA	268,644,537	52.15%	134,322,269	26.07%
Sonae, SGPS, S.A.	38,000,000	7.38%	55,524,516	10.78%
TOTAL	**332,403,106**	**64.52%**	**349,927,622**	**67.93%**

At the General Meeting of ZOPT SGPS, S.A., held on 28 September 2022, it was decided to proceed with the amortization of Sonaecom's stake in that company, and the refund of additional payments made by it, for a consideration that includes the delivery of shares representing 26.075% of the share capital of NOS. As a result of this amortization, Sonaecom is no longer a shareholder of ZOPT, which is now wholly owned by Unitel International Holdings, BV and Kento Holding Limited, companies controlled by Isabel dos Santos. Therefore, a shareholding in NOS of 36.855% of the share capital and voting rights is now attributable to Sonae, as a result of the direct holding of 10.78% and an indirect holding of 26.075%. The update of the shareholder structure is subject to the completion of legal procedures.

16.2. CAPITAL ISSUED PREMIUM

On 27 August 2013, and following the completion of the merger between ZON and Optimus SGPS, the Company's share capital was increased by 856,404,278 euros, corresponding to the total number of issued shares (206,064,552), based on the closing market price of 27 August 2013. The capital increase is detailed as follows:

i) share capital for an amount of 2,060,646 euros;

ii) premium for issue of shares for an amount of 854,343,632 euros.

Additionally, the premium for issue of shares was deducted for an amount of 125 thousand euros related to costs with the respective capital increase.

The capital issued premium is subject to the same rules as for legal reserves and can only be used:

i. to cover part of the losses on the balance of the year that cannot be covered by other reserves;

ii. to cover part of the losses carried forward from the previous year that cannot be covered by the net income of the year or by other reserves;

iii. to increase the share capital.

On 21 April 2022, was approved in the Annual General Meeting of shareholders of NOS SGPS, an increase of share capital, by incorporation of share premium, in the amount of 850,016,277.00, through the increase of the nominal value of the total shares representing the share capital in the amount of 1.65€. The nominal value of each share is now 1.66€.

As of 31 December 2022, the amount of share issue premium is 4,202,356 euros (2021: 854,218,633 euros).

16.3. OWN SHARES

Company law regarding own shares requires the establishment of a non-distributable reserve of an amount equal to the purchase price of such shares, which becomes frozen until the shares are disposed of or distributed. In addition, the applicable accounting rules determine that gains or losses on the disposal of own shares are stated in reserves.

At 31 December 2022, there were 4,008,391 own shares, representing 0.7781% of the share capital (31 December 2021: 3,002,427 own shares, representing 0.5828% of the share capital).

Movements in the years ended at 31 December 2021 and 2022 were as follows:

	QUANTITY	VALUE
	3,424,754	**14,859,452**
Acquisition of own shares	687,000	2,068,592
Distribution of own shares - share incentive scheme (Note 33)	(963,026)	(3,976,598)
Distribution of own shares - other remunerations	(146,301)	(598,359)
	3,002,427	**12,353,087**
	3,002,427	**12,353,087**
Acquisition of own shares	1,868,129	7,087,403
Distribution of own shares - share incentive scheme (Note 33)	(791,257)	(3,186,762)
Distribution of own shares - other remunerations	(70,908)	(286,199)
	4,008,391	**15,967,529**

16.4. RESERVES

Legal reserve

Portuguese commercial legislation requires that at least 5% of the Company's annual net profit must be used to build up the legal reserve until it corresponds to 20% of the share capital. This reserve cannot be distributed except in the event of liquidation of the company, but it may be used to absorb losses after all other reserves have been exhausted, or for incorporation in the share capital.

Other reserves

At 31 December 2022, NOS had reserves, which by their nature are considered distributable for an amount of approximately 342.3 million euros, not including net income.

16.5. DIVIDENDS

The General Meeting of Shareholders held on 21 April 2021 approved a proposal by the Board of Directors for payment of an ordinary dividend per share of 0.278 euros, totalling 143,215 thousand euros. The dividend that is attributable to own shares totalling 839 thousand euros.

	2021
Dividends	143,214,864
Dividends of own shares	(839,167)
	142,375,697

The General Meeting of Shareholders held on 21 April 2022 approved a proposal by the Board of Directors for payment of an ordinary dividend per share of 0.278 euros, totalling 143,215 thousand euros. The dividend that is attributable to own shares totalling 858 thousand euros.

	2022
Dividends	143,214,864
Dividends of own shares	(857,742)
	142,357,122

16.6. NET EARNINGS PER SHARE

Earnings per share for the years ended on 31 December 2021 and 2022 were calculated as follows:

	2021	2022
Earnings per share		
Net income / (Loss) for the year	220,718,915	66,868,204
Number of ordinary shares outstanding during the year (weighted average)	512,096,301	511,538,616
Basic earnings per share	0.43	0.13
Diluted earnings per share	0.43	0.13

During the year ended on 31 December 2021 and 2022, there were no diluting effects on net earnings per share, so the diluted earnings per share are equal to the basic earnings per share.

17. Borrowings

At 31 December 2021 and 2022, the detail of borrowings is as follows:

	31-12-2021		31-12-2022	
	CURRENT	NON CURRENT	CURRENT	NON CURRENT
LOANS - NOMINAL VALUE	**232,351,858**	**807,500,000**	**343,000,000**	**655,000,000**
Debenture loan	150,000,000	440,000,000	300,000,000	290,000,000
Commercial paper	64,000,000	367,500,000	43,000,000	365,000,000
Foreign loans	18,333,333	-	-	-
Bank Overdrafts	18,525	-	-	-
LOANS - ACCRUALS AND DEFERRALS	**2,676,698**	**(637,872)**	**2,838,338**	**(540,238)**
LOANS - AMORTISED COST	**235,028,556**	**806,862,128**	**345,838,338**	**654,459,762**
LEASES	**113,560**	**132,153**	**107,867**	**72,577**
	235,142,116	**806,994,281**	**345,946,205**	**654,532,339**

During the year ended at 31 December 2022, the average cost of debt of the used credit lines was approximately 1.2% (1.2% in 2021).

On 31 December 2022, there is no default in terms of capital, interest, conditions for remission on loans payable or other commitments.

17.1. DEBENTURE LOANS

At 31 December 2022, the Company has a total amount of 590 million euros of bonds issued:

- A bond issue for an amount of 300 million euros in May 2018, whose maturity occurs in May 2023. The issue bears interest at a fix rate and it is paid annually.
- A bond loan in the amount 50 million euros placed by BPI bank in June 2019 and maturing in June 2024. The loan bears interest at variable rates, indexed to Euribor and paid semi-annually.
- A bond loan in the amount 50 million euros placed by Caixa Geral de Depósitos in July 2019 and maturing in July 2024. The loan bears interest at variable rates, indexed to Euribor and paid semi-annually.
- A bond loan in the amount 25 million euros placed by Medio Banca in July 2019 and maturing in July 2024. The loan bears interest at variable rates, indexed to Euribor and paid semi-annually.
- A bond loan in the amount of 15 million euros placed by BPI in July 2021 and maturing in July 2026.The loan bears interest at a variable rate, indexed to the Euribor and paid on a quarterly basis.
- A bond loan in the amount of 75 million euros placed by Caixa Geral de Depósitos in March 2022 and maturing in March 2027. The loan bears interest at variable rates, indexed to Euribor and paid semi-annually.
- A bond loan in the amount of 75 million euros placed by BPI in July 2022 and maturing in March 2027. The loan bears interest at variable rates, indexed to Euribor and paid quarterly.

At 31 December 2022, an amount of 2,409 thousand euros, corresponding to interest and commissions, was added to this amount and recorded in the item "Loans - accruals and deferrals".

17.2. COMMERCIAL PAPER

At 31 December 2022, the Company has borrowings of 408 million euros in the form of commercial paper, of which 5,5 million euros were issued under securities without underwriting. The total amount contracted, under underwriting securities, is of 710 million euros, corresponding to 13 programmes, with 6 banks, 572.5 million euros of which bear interest at market rates and 137.5 million euros are issued in fixed rate. Commercial paper programmes with maturities over one-year totaling 660 million euros (of which 365 million euros have been used as of 31 December 2022) are classified as non-current, since the Company can renew unilaterally current issues on or before the programmes' maturity dates and because they are underwritten by the organizer. As such, this amount, although having a current maturity, it was classified as non-current for presentation purposes in the financial position statement.

At 31 December 2022 an amount of 119 thousand euros, corresponding to interest and commissions, was deducted to this amount, and recorded in the item "Loans - accruals and deferrals".

The maturities of the loans obtained are as follows:

	2021			2022		
	UNTIL 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	UNTIL 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS
Debenture loan	152,510,775	439,384,542	-	302,950,661	289,467,192	-
Commercial paper	64,408,661	367,477,586	-	42,887,677	364,992,570	-
Foreign loans	18,090,595	-	-	-	-	-
Bank overdrafts	18,525	-	-	-	-	-
Leases	113,560	132,153	-	107,867	72,577	-
	235,142,116	**806,994,281**	**-**	**345,946,205**	**654,532,339**	**-**

18. Provisions

During the years ended at 31 December 2021 and 2022, the movements recorded in provisions are as follows:

	31-12-2018	INCREASES	REDUCTION	31-12-2021
Litigation and others	3,274	37	-	3,311
Contingencies - Other	359,660	25,471	(138,323)	246,808
	362,934	**25,508**	**(138,323)**	**250,119**

	31-12-2021	INCREASES	REDUCTION	31-12-2022
Litigation and others	3,311	37	-	3,348
Contingencies - Other	246,808	75,237	(133,879)	188,166
	250,119	**75,274**	**(133,879)**	**191,514**

19. Accrued expenses

At 31 December 2021 and 2022, this item was as follow:

	2021		2022	
	CURRENT	NON CURRENT	CURRENT	NON CURRENT
Wages and salaries	1,769,926	-	2,124,100	-
Supplies and external services	175,037	-	888,831	-
Share Plan (Note 33)	764,638	497,005	-	-
Others	-	454,886	-	454,886
	2,709,601	**951,891**	**3,012,931**	**454,886**

20. Deferred income

At 31 December 2021 and 2022, this item was as follows:

	2021		2022	
	CURRENT	NON CURRENT	CURRENT	NON CURRENT
Investment grant i)	397,191	4,230,118	346,011	2,824,046
Others	2,118	-	113,555	-
	399,309	**4,230,118**	**459,566**	**2,824,046**

i) Deferred income related to the implicit subsidy calculated when the EIB loans were obtained at interest rates below market value.

21. Derivative financial instruments

Interest Rate Swaps

At 31 December 2022, NOS had contracted three interest rate swaps totalling of 180 million euros (31 December 2021: 150 million euros), whose maturities expire in 2022, contracted in May and forward start in September 2022.

Equity Swaps

During the year ended December 31, 2022, the company early terminated its derivatives on treasury shares that hedged the delivery of equity plans to be settled in cash, following a change in the estimate of how these plans will be delivered.

	2021				
	NOTIONAL	ASSETS		LIABILITIES	
		CURRENT	NON CURRENT	CURRENT	NON CURRENT
DERIVATIVES					
Interest rate swaps	150,000,000	-	-	10,175	-
Equity Swaps	3,003,693	-	105,008	323,434	-
	153,003,693	**-**	**105,008**	**333,609**	**-**

	2022				
	NOTIONAL	ASSETS		LIABILITIES	
		CURRENT	NON CURRENT	CURRENT	NON CURRENT
DERIVATIVES					
Interest rate swaps	180,000,000	-	10,946,504	-	-
	180,000,000	**-**	**10,946,504**	**-**	**-**

Movements during the year ended on 31 December 2021 and 2022 were as follows:

	31-12-2020	INCOME	EQUITY	31-12-2021
Fair value interest rate swaps	(50,643)	-	40,468	(10,175)
Fair value equity swaps	(950,030)	341,969	389,635	(218,426)
DERIVATIVES	**(1,000,673)**	**341,969**	**430,103**	**(228,601)**
Deferred income tax assets (Note 13)	225,153	(53,316)	(96,773)	75,064
Deferred income tax liabilities (Note 13)	-	(23,627)	-	(23,627)
DEFERRED INCOME TAX	**225,153**	**(76,943)**	**(96,773)**	**51,437**
	(775,520)	**265,026**	**333,330**	**(177,164)**

	31-12-2021	INCOME	EQUITY	31-12-2022
Fair value interest rate swaps	(10,175)	-	10,956,679	10,946,504
Fair value equity swaps	(218,426)	32,554	185,872	-
DERIVATIVES	**(228,601)**	**32,554**	**11,142,551**	**10,946,504**
Deferred income tax assets (Note 13)	75,064	(33,243)	(41,821)	-
Deferred income tax liabilities (Note 13)	(23,627)	25,917	(2,465,253)	(2,462,963)
DEFERRED INCOME TAX	**51,437**	**(7,326)**	**(2,507,074)**	**(2,462,963)**
	(177,164)	**25,228**	**8,635,477**	**8,483,541**

22. Accounts payable

At 31 December 2021 and 2022, the amounts that are payable correspond predominantly to loans and interests obtained from group companies (Note 31). At the end of 2022, these loans matured at the interest rate of 0.01% (2020: 0.01%).

23. Services rendered

At 31 December 2021 and 2022, this caption corresponds to management services provided to NOS group companies (Note 31).

24. Personnel Costs

In the years ended on 31 December 2021 and 2022, this item was composed as follows:

	2021	2022
Remunerations	5,521,086	6,499,597
Social taxes	826,728	834,773
Social benefits	166,493	100,853
Others	788	17,142
	6,515,095	**7,452,365**

The values included in the table above correspond to the values for key management members, 16 in 2022 (17 in 2021).

25. Supplies and external services

At 31 December 2021 and 2022, this item was composed as follows:

	2021	2022
Support services	1,334,420	1,376,775
Specialised works	349,852	403,485
Travelling costs	49,129	141,223
Insurances	111,649	120,992
Fuels	31,826	40,998
Cleaning, hygiene and comfort	208	21,911
Communications	18,809	11,850
Litigation and notaries	2,448	11,824
Other supplies and external services	67,666	64,276
	1,966,007	**2,193,334**

26. Other operational losses / (gains)

At 31 December 2021 and 2022, this item was composed as follows:

	2021	2022
Contributions	52,390	51,460
Others	(23,592)	9,316
	28,798	**60,776**

27. Other losses / (gains) non-recurring

This caption in the years ended at 31 December 2021 and 2022 is as follows:

	2021	2022
Donations	15,000	15,000
Others	79,567	172,570
	94,567	**187,570**

28. Financial costs / (revenues) and other financial expenses / (income)

During the years ended at 31 December 2021 and 2022, financial costs / (revenues) and other financial expenses / (income), were as follows:

	2021	2022
FINANCIAL COSTS / (REVENUES)		
INTEREST EXPENSES		
Debenture loans	6,926,250	6,510,775
Commercial paper	3,355,502	4,575,502
Bank loans	870,067	322,796
Derivatives	64,613	59,778
Related parties (Note 31)	9,718	10,983
Finance leases	2,643	2,164
Others	14,762	25,526
	11,243,555	**11,507,524**
INTEREST EARNED		
Related parties (Note 31)	(21,929,324)	(22,009,183)
Bank deposits	(1,127)	(696,895)
	(21,930,451)	**(22,706,078)**
	(10,686,896)	**(11,198,554)**
NET OTHER FINANCIAL EXPENSES / (INCOME)		
Comissions on commercial paper	1,779,508	1,836,627
Comissions on debenture loans	845,414	1,073,279
Bank services	75,135	122,107
Comissions on bank loans	(57,425)	1,333
Others	(247,711)	14,126
	2,394,921	**3,047,472**

29. Losses / (gains) of affiliated companies

During the years ended at 31 December 2021 and 2022, this caption was as follows:

	2021	2022
DIVIDENDS RECEIVED		
NOS Comunicações	(203,720,211)	(58,193,652)
NOS Property	(9,219,086)	(9,821,722)
NOS Audiovisuais SGPS	(8,018,305)	(3,664,416)
NOS Audio - Sales and Distribution	(5,581,846)	(6,883,909)
NOS Inovação	(3,146,655)	(4,665,643)
NOS Wholesale	(1,665,535)	(1,998,084)
NOS Internacional, SGPS	(1,565,326)	
NOS Corporate Center	(1,953,571)	(1,440,332)
NOS Cinemas	-	(3,718,190)
	(234,870,535)	**(90,397,793)**
DISPOSALS OF INVESTMENTS IN SUBSIDIARIES (NOTE 9)		
NOS International Carrier Services	28,391	-
	28,391	**-**
OTHERS		
Losses/(loss reversals) for impairment on financial investments (Note 9)	24,100,000	34,436,000
Others	-	(7,362)
	24,100,000	**34,428,638**
	(210,742,144)	**(55,969,155)**

30. Guarantees and financial undertakings

30.1. GUARANTEES

At 31 December 2021 and 2022, the Company had furnished guarantees in favour of third parties corresponding to the following situations:

	2021	2022
GUARANTEES IN FAVOUR OF:		
Tax authorities i)	28,092,579	28,233,567
Others	143,943	2,955
	28,236,522	28,236,522

i) At 31 December 2021 and 2022, this amount relates to the guarantees required by the tax authorities in connection with tax proceedings contested by the Company and its subsidiaries.

Other guarantees

Under the financing obtained by Upstar with the Banco Comercial Português totalling 10 million euros, NOS signed a promissory note in the amount proportional to the shareholding of 30% of the funding.

During the first half of 2015, 2016, 2017 and 2018, and following the settlement notes of CLSU 2007-2009, 2010-2011, 2012-2013 and 2014, respectively, NOS constituted guarantees in favour of the Universal Service Compensation Fund in the amount of 23.6, 16.7, 17.5 and 3 million euros, respectively, in order to prevent the establishment of tax enforcement proceedings in order to enforce recovery of the paid amount.

In addition to the guarantees required by the Tax Authorities were set up sureties for the current fiscal processes. NOS consisted of NOS SA surety for an amount of 14.6 million euros.

30.2.OTHER UNDERTAKINGS

Covenants

Of the loans obtained (excluding financial leases), in addition to being subject to the Company complying with its operating, legal and fiscal obligations, 100% are subject to cross-default clauses, Pari Passu and Negative Pledge and 87% to ownership clauses.

In addition, approximately 19% of the total loans obtained require that the net financial debt does not exceed 3 times EBITDA, after the payment of consolidated leasings, about 4% of the total loans obtained require that the net financial debt does not exceed 3.5 times EBITDA after the payment of consolidated leasings, about 2% require that the net financial debt does not exceed to 4 times EBITDA after the payment of consolidated leasings, and about 12% require that the net financial debt does not exceed to 5 times EBITDA after the payment of consolidated leasings.

Net Financial Debt = Loans – Leasings – Cash and Cash Equivalents

EBITDA= Operational result + Depreciations, amortizations and impairment losses + Restructuring Costs + Losses/(gains) with disposal of assets + Other costs/(gains) non-recurrent.

EBITDA after the payment of leasings = EBITDA – Leasings Payment (Capital and Interest)

Assignment agreements football broadcasting rights

In December 2015, NOS signed a contract with Sport Lisboa e Benfica - Futebol SAD and Benfica TV, S.A. of television rights of home football games of football NOS' league, broadcasting rights and distribution of Benfica TV Channel. The contract began in 2016/2017 sports season, and has an initial duration of three years and may be renewed by decision of either party to a total of 10 sports seasons, with the overall financial consideration reaching the amount of 400 million euros, divided into progressive annual amounts.

Additional disclosures are made in consolidated financial statements of NOS SGPS.

31. Related parties

The balances at 31 December 2021 and 2022, and the transactions at 31 December 2021 and 2022 with companies of NOS Group were as follows:

Balances with related parties – 2021

	ACCOUNTS RECEIVABLE	ACCOUNTS PAYABLE	LOANS	BORROWINGS
SUBSIDIARIES	**568,205,200**	**943,141**	**732,456,500**	**88,312,315**
NOS Audiovisuais SGPS	2,399,181	-	45,946,500	-
NOS Cinemas	571,938	-	-	13,696,246
NOS Comunicações	556,880,383	15,662	686,510,000	-
NOS Corporate Center	358,861	472,593	-	2,493,599
NOS Inovação	(76,885)	-	-	15,528,891
NOS AUDIO - Sales And Distribution, S.A.	3,821,391	454,886	-	29,737,118
NOS Property	3,646,510	-	-	17,312,954
NOS Wholesale	607,507	-	-	9,503,467
MSTAR, SA				
Other subsidiaries	(3,686)	-	-	40,040
JOINTLY CONTROLLED COMPANIES	**101**	**2,118**	**-**	**-**
OTHER RELATED PARTIES	**18,306,878**	**20,472**	**-**	**52,271,589**
NOS Açores Comunicações	2,913,792	-	-	-
NOS Audiovisuais	1,832,791	-	-	26,380,929
NOS Sistemas	1,604,954	-	-	-
Per-Mar	3,880	-	-	73,099
Sontária	28,719	-	-	379,902
NOS Technology	12,362,271	20,193	-	11,223,963
NOS Internacional SGPS	(30,487)	-	-	-
NOS Madeira Comunicações	(419,202)	-	-	14,181,659
Other related parties	10,160	279	-	32,036
	586,512,178	**965,731**	**732,456,500**	**140,583,904**

Transactions with related parties – 2021

	SERVICES RENDERED	SUPPLIES AND EXTERNAL SERVICES	INTEREST GAINS	INTEREST LOSSES
SUBSIDIARIES	**9,152,830**	**1,166,942**	**21,837,414**	**7,690**
NOS Audiovisuais SGPS	-	-	1,058,599	-
NOS Cinemas	353,186	(92)	-	729
NOS Comunicações	7,818,937	(196,197)	20,775,949	-
NOS Corporate Center	137,359	1,370,002	2,663	281
NOS Inovação	257,937	(145)	-	1,530
NOS Property	257,141	(6,076)	-	1,471
NOS Audio	289,182	(463)	-	2,885
Other subsidiaries	39,088	(88)	203	794
OTHER RELATED PARTIES	**4,585,938**	**2,271**	**357,356**	**2,026**
NOS Technology	3,573,826	3,186	128,630	-
NOS Audiovisuais	685,542	(145)	116,586	762
NOS Açores Comunicações	33,693	-	62,238	-
NOS Sistemas	143,910	(18)	49,104	(19)
Other related parties	148,967	(752)	798	1,283
	13,738,767	**1,168,984**	**22,194,771**	**9,716**

Balances with related parties – 2022

	ACCOUNTS RECEIVABLE	ACCOUNTS PAYABLE	LOANS	BORROWINGS
SUBSIDIARIES	**45,340,098**	**1,228,217**	**1,128,403,000**	**102,221,654**
NOS Lusomundo Cinemas	1,329,274	-	-	14,165,082
Lusomundo SII	15,436	-	-	-
MSTAR, SA	466,944	-	-	-
NOS Audiovisuais SGPS	1,535,548	-	41,893,000	30
NOS Corporate Center	491,513	413,890	-	4,297,763
NOS Inovação	256,385	-	-	8,929,230
NOS Property	3,379,328	-	-	25,206,721
NOS Seguros	28,775	-	-	131,199
NOS Wholesale	589,007	239	-	10,400,829
NOS Comunicações	32,573,600	357,182	1,086,510,000	-
NOS INTERNACIONAL, SGPS, S.A.	(35,014)	-	-	115,406
TELIZ HOLDING, S.A.	(4,014)	3	-	80,737
NOS AUDIO - Sales And Distribution, S.A.	4,712,713	454,886	-	38,894,658
Other subsidiaries	602	2,017	-	-
OTHER RELATED PARTIES	**66,387,868**	**363,468**	**-**	**8,040,334**
NOS Technology	46,722,227	363,086	-	202
Empracine-E.Pro.Act. Cinem,Lda	120,079	-	-	-
Banco Bic Português, S.A.	-	-	-	18,493
Lusomundo Imobiliária 2, SA	(16,617)	-	-	180,111
NOS Sistemas	3,279,292	-	-	-
NOS SISTEMAS ESPAÑA, S.L.	14,451	-	-	-
Per-Mar-Sociedade de Construções,SA	1,844	-	-	2,588,323
Sontária	11,608	-	-	2,092,046
NOS Açores Comunicações	7,668,847	-	-	-
Lusomundo Audiovisuais, SA	9,158,296	-	-	46
NOS Madeira Comunicações	(576,385)	-	-	3,161,114
Other related parties	4,225	382	-	-
	111,727,966	**1,591,685**	**1,128,403,000**	**110,261,989**

Transactions with related parties - 2022

	SERVICES RENDERED	SUPPLIES AND EXTERNAL SERVICES	INTEREST GAINS	INTEREST LOSSES
SUBSIDIARIES	**10,169,933**	**1,400,035**	**21,633,441**	**9,316**
NOS Lusomundo Cinemas	346,189	3,317	-	1,186
NOS Audiovisuais SGPS	-	-	873,192	449
NOS Corporate Center	257,416	1,396,218	-	384
NOS Inovação	266,081	(35)	-	1,258
NOS Property	408,714	(2,867)	-	1,927
NOS Wholesale	49,991	-	-	972
NOS Comunicações	8,530,167	3,664	20,760,249	-
NOS AUDIO - Sales And Distribution, S.A.	311,376	(263)	-	3,140
Other subsidiaries	3,137	(114)	730	27
OTHER RELATED PARTIES	**3,931,017**	**3,552**	**564,617**	**1,640**
NOS Technology	2,992,312	3,847	450,483	202
Lusomundo Audiovisuais, SA	635,735	(70)	9,243	781
NOS Sistemas	132,897	(26)	26,874	-
Sontária	12,588	-	-	142
NOS Acores Comunicações	40,098	-	73,262	-
NOS Madeira Comunicações	109,603	-	4,354	453
Other related parties	7,785	(200)	401	61
	14,100,951	**1,403,586**	**22,198,058**	**10,956**

The Company regularly performs transactions and signs contracts with several parties within the NOS Group. Such transactions were performed on normal market terms for similar transactions, as part of the contracting companies' current activity.

Due to the large number of low value related parties' balances and transactions, it was grouped in the heading "Other related parties" the balances and transactions with entities whose amounts are less than 100 thousand euros.

32. Remuneration of key management members

Remuneration paid to managers and other key members of NOS Management (Managers) for the financial years ended on 31 December 2021 and 2022 were as follows:

	12M21	12M22
Compensation	3,245,942	3,392,865
Profit Sharing	1,242,958	1,289,558
Share plans assigned	1,242,958	1,289,558
	5,731,858	**5,971,981**

The average number of key management members in 2022 is 16 (2021: 17).

The Corporate Governance Report includes more detailed information about NOS' remuneration policy. The Company considers as Managers the members of the Board of Directors.

33. Share incentive schemes

On 23 April 2014, in the General Shareholders Meeting the Regulation on Short and Medium-Term Variable Remuneration was approved, which establishes the terms of the Share Incentive Schemes ("NOS Plan"). This plan is aimed at more senior employees with the vesting taking place three years after being awarded, assuming that the employees are still with the company during that period.

As at 31 December 2022, the unvested plans are:

	NUMBER OF SHARES
NOS PLAN	
Plan - 2020	1,459,370
Plan - 2021	1,320,809
Plan - 2022	1,079,152

During the year ended on 31 December 2022, the movements that occurred in the plans are detailed as follows:

	PLAN 2019	PLAN 2020	PLAN 2021	PLAN 2022	TOTAL
BALANCE AS AT 31 DECEMBER 2021	**761,812**	**1,411,601**	**1,276,908**	**-**	**3,450,321**
MOVEMENTS IN THE PERIOD:					
Awarded	-	-	-	1,032,100	1,032,100
Vested	(761,064)	(16,081)	(13,236)	(876)	(791,257)
Cancelled / elapsed / corrected [(1)]	(748)	63,850	57,137	47,928	168,167
BALANCE AS AT 31 DECEMBER 2022	**-**	**1,459,370**	**1,320,809**	**1,079,152**	**3,859,331**

(1) Refers mainly to correction made for dividends paid, exit of employees not entitled to the vesting of shares and other adjustments resulting from the way the shares are vested.

The share plans costs are recognised over the year between the awarding and vesting date of those shares. The responsibility is calculated taking into consideration the share price at award date of each plan, for plans settled in shares, or at the closing date, for plans settled in cash. The responsibility is recorded in Reserves and Accrued Expenses, respectively.

As at 31 December 2022, the outstanding responsibility related to these plans is 6,675 thousand euros and is recorded in Reserves.

The costs recognised in previous years and in the financial year, and its liabilities are as follows:

	ACCRUED EXPENSES	RESERVES	TOTAL
Costs recognised in previous years related to plans as at December 31, 2021	1,261,643	4,861,464	6,123,107
Plans of costs vested in the period	-	(3,281,174)	(3,281,174)
Reclassification of plans to settle in cash to reserves			
Costs incured in the period and others	(338,255)	4,171,306	3,833,051
TOTAL PLANS COSTS	**-**	**6,674,984**	**6,674,984**

34. Legally required disclosures

Information concerning fees and services rendered by auditors is described on note 47 of the Corporate Governance Report.

35. Other matters

35.1. PREVENTIVE SEIZURE OF 26,075% OF THE SHARE CAPITAL OF NOS, SGPS, S.A.

On 4 April 2020, SONAECOM, SGPS, SA, holder of 50% of the capital of ZOPT, SGPS, SA (hereinafter "ZOPT"), was informed by this company of the communication received from the Central Criminal Investigation Court of Lisbon (hereinafter Tribunal) to proceed to the preventive seizure of 26.075% of the share capital of NOS, SGPS, SA, corresponding to half of the shareholding in NOS held by ZOPT and, indirectly, by the companies Unitel International Holdings, BV and Kento Holding Limited ", controlled by Eng.ª Isabel dos Santos.

Under the terms of the aforementioned decision, the foreclosed shares are deprived of the exercise of voting rights and the right to receive dividends, the latter of which must be deposited with Caixa Geral de Depósitos, S.A. at the court's discretion.

The other half of ZOPT's participation in NOS share capital, corresponding to an identical percentage of 26.075% - and which, at least in line with the criterion used by the Court, embodies the 50% held in ZOPT by SONAECOM - was not subject to seizure, nor the rights attached to it were subject to any limitation.

On 12 June 2020, ZOPT was authorized by the Lisbon Central Criminal Investigation Court to exercise the voting right corresponding to the 26.075% of NOS share capital preventively seized under the aforementioned Court order.

Following the communication of April 4, 2020, ZOPT filed third-party claims, which, in June 2020, were rejected by the investigating judge on the grounds that the Portuguese courts had no jurisdiction to hear and decide them, a decision that, having been appealed by ZOPT, was revoked by the Lisbon Court of Appeal, in February 2021.

In November 2021, the Investigating Judge, aware of the cause's merit, dismissed the third-party embargoes presented by ZOPT, a decision that, according to ZOPT, was appealed to the Court of Appeal. After being admitted in February 2022, in June 2022, ZOPT was notified of the decision dismissing the appeal. Further developments are awaited. The Board of Directors of NOS is not aware of any developments in this process.

35.2. MACROECONOMIC ENVIRONMENT

On 24 February 2022, Russian troops invaded Ukraine, and the military assault led to significant human casualties, displacement of the population, damage to infrastructure and disruption to economic activity in Ukraine.

In response, multiple jurisdictions, including the European Union, have imposed various economic sanctions on Russia (and, in some cases, Belarus).

This conflict comes at a time of significant global economic uncertainty and volatility, when many sectors/jurisdictions were already facing the impacts of transport disruptions and rising commodity and commodity prices as a result of increased consumer demand as the COVID-19 pandemic subsided. These conditions caused inflation and interest rates to rise in 2022, which worsened during the year, impacting the group's financial statements. The future effects of the war in Ukraine are uncertain, with the expectation of continued inflationary pressures and the risk of a more recessive macroeconomic scenario.

NOS, not having significant transactions with the Russian and Ukrainian markets, is exposed to general inflationary pressures. It is the conviction of the Board of Directors that, despite these uncertainties, the continuity of its operations is not jeopardized.

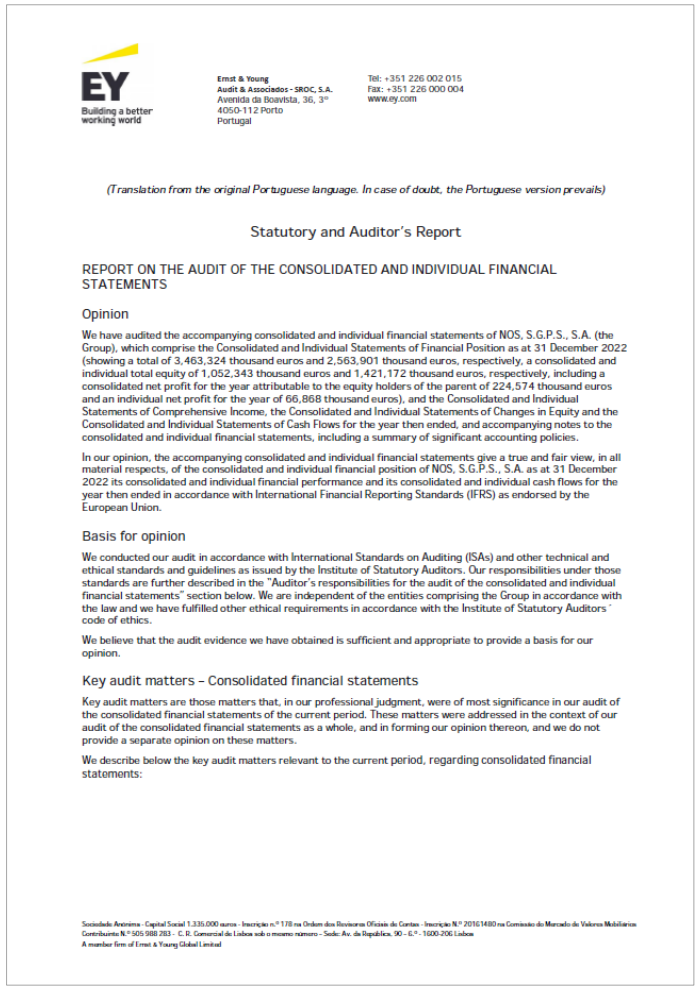
36. Subsequent events

In January 2023, NOS contracted 350 million euros in bond loans and commercial paper programmes, indexed to sustainability objectives, maturing in 2028, with five financial institutions - Banco BPI, Caixa Geral de Depósitos, Millennium BCP, Santander and Sabadell.

Up to the date of approval of this document, there were no other subsequent relevant events that should be disclosed in this report.

These financial statements are a translation of financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards (IAS / IFRS) as adopted by the European Union and the format and disclosures required by those Standards, some of which may not conform to or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

Report and opinion of the Statutory Auditor



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(Translation from the original Portuguese language. In case of doubt, the Portuguese version prevails)

Statutory and Auditor's Report

REPORT ON THE AUDIT OF THE CONSOLIDATED AND INDIVIDUAL FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated and individual financial statements of NOS, S.G.P.S., S.A. (the Group), which comprise the Consolidated and Individual Statements of Financial Position as at 31 December 2022 (showing a total of 3,463,324 thousand euros and 2,563,901 thousand euros, respectively, a consolidated and individual total equity of 1,052,343 thousand euros and 1,421,172 thousand euros, respectively, including a consolidated net profit for the year attributable to the equity holders of the parent of 224,574 thousand euros and an individual net profit for the year of 66,868 thousand euros), and the Consolidated and Individual Statements of Comprehensive Income, the Consolidated and Individual Statements of Changes in Equity and the Consolidated and Individual Statements of Cash Flows for the year then ended, and accompanying notes to the consolidated and individual financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and individual financial statements give a true and fair view, in all material respects, of the consolidated and individual financial position of NOS, S.G.P.S., S.A. as at 31 December 2022 its consolidated and individual financial performance and its consolidated and individual cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated and individual financial statements" section below. We are independent of the entities comprising the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors' code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters – Consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We describe below the key audit matters relevant to the current period, regarding consolidated financial statements:

Sociedade Anónima - Capital Social 1.335.000 euros - Inscrição n.º 178 na Ordem dos Revisores Oficiais de Contas - Inscrição N.º 20161480 na Comissão do Mercado de Valores Mobiliários
Contribuinte N.º 505 988 283 - C. R. Comercial de Lisboa sob o mesmo número - Sede: Av. da República, 90 - 6.º - 1600-206 Lisboa
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1. Recognition and measurement of revenue given the complexity of systems and the existence of several contracts with multiple performance obligations

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
The Group's revenues consist essentially of: ► Revenue from telecommunications services, namely: i) Cable television services, fixed broadband and fixed voice; ii) satellite television; ii) mobile broadband and voice services; ► Advertising revenue; and ► Revenue from production and distribution of content and channels. The complexity of information systems that support a significant volume of transactions, combined with the existence of multiple performance obligations, represent a significant audit risk. The process of revenue recognition and measurement involves significant judgement on the part of Management as disclosed in Note 2.3.19 to the financial statements, with particular regard to the appropriate allocation of revenue to each of the performance obligations and estimates of discounts and offers to be granted to customers.	Our approach to the risk of material misstatement included (i) a global response to the way the audit was conducted overall and (ii) a specific response involving a combined approach of assessing controls and performing substantive procedures, including: ► Involvement of internal experts in the evaluation of the Group's information technology general controls and in the test of the application controls of the most relevant revenue processes; ► Execution of specific audit procedures to assess the operational effectiveness of the controls identified as relevant during all the economic period especially: i) conciliations between systems; ii) testing the controls of the Bill Cycle Review; and iii) validation of the key controls operating throughout the end-to-end process; ► Analysis of the various types of contracts in order to identify the specific performance obligations of the contracts, such as services, goods, prices, discounts and offers. Our procedures included verifying the correct allocation of revenue to the various services/goods identified; ► Analytical review tests of the disaggregated revenue, comparing it with the same period of the previous year and with the expectation formed based on projected and actual indicators of the Group's performance, including: i) revenue market share; ii) RGU's (Revenue Generating Units); and iii) ARPU (Average Revenue Per User); and ► We assessed the adequacy of the applicable disclosures, included in the Notes 2.3.19 and 31 of the financial statements, particularly the disclosure of management judgments regarding the performance obligations included in the contracts with clients.

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2. Goodwill impairment

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As at 31 December 2022, the carrying amount of Goodwill is 641 million euros (2021: 641 million euros), representing 20% (2021: 20%) of the Group's total assets. Goodwill is allocated to Telco and Audiovisual segments. The possible existence of impairment of Goodwill was considered a key audit matter due to the significance of the amounts to the Group's financial position and due to the complexity involved in the impairment assessment process, which includes assumptions such as future market and economic conditions, market share, revenue and margin evolution.	We assessed the assumptions used in the valuation models prepared by management, namely cash flow projections, discount rates, inflation rates, perpetuity growth rate and sensitivity analysis. We were supported, in the performance of these procedures, by internal specialists in business valuations. We evaluated the reliability of the assumptions used in the development of the business plan when compared to prior periods and as compared to historical data and external information. We evaluated the clerical and arithmetic accuracy of the models used. We focused on the sensitivity analysis of the two cash generating units, to validate the appropriateness of the disclosures included in Note 9 to the financial statements, reflecting the results of the impairment tests carried out. We verified compliance with the applicable disclosure requirements (IAS 36).

3. Cost capitalization and assessment of the useful lives attributable to tangible, intangible assets and contract with costumers' costs

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
Capitalization of expenditure and determination of useful lives attributable to assets are accounting estimates where management uses significant judgement, as disclosed in Notes 2.3.3, 2.3.5, 2.3.6 and 3.1 to the financial statements. The risks identified are related to the possibility that the capitalized costs do not comply with the capitalization requirements prescribed in the applicable accounting standards or that the tangible and intangible assets and contract with costumers' costs' useful lives are not appropriate or consistent with the period during which economic benefits from the use of those assets will flow to the Group. The subsequent measurement of the amounts recognized as assets requires a continued assessment of the existence of impairment indicators.	We performed specific audit procedures to assess the operational effectiveness of internal controls considered relevant in order to assess whether: ► The capitalization criteria are compliant with the Group's policy; and ► The assets' useful lives are approved by management and are reviewed on a yearly basis. In addition, we analyzed capitalized costs by nature and assessed whether the capitalization requirements were met. In what concerns useful lives, we tested their consistency and appropriateness considering the specificities of the Group's revenue recognition, the practices of the Sector in which the Group operates and the accelerated innovation cycles that increase the pace of technological obsolescence.

4. Recognition, measurement and disclosure of tax, regulatory and legal contingencies

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
The Provisions account and Note 46 – Legal processes in course, contingent assets and contingent liabilities of the Notes to the financial statements, refer to obligations for tax, regulatory and legal contingencies. Management periodically evaluates potential liabilities arising from past events the probability for which implies the recognition of a provision and/or a disclosure in the financial statements. This evaluation results from a process involving significant judgment on the part of the Group's management. The risks identified are both in the assessment of the likelihood of outflows of resources from the Group as well as in the quantification of the liability or of the contingent liability.	Our approach to the risk of material misstatement included the following procedures: ► Analysis of the controls established in the Group to identify situations likely to give rise to the recognition of provisions or the disclosure of tax, regulatory and legal contingent situations; ► Obtaining external confirmations from all the lawyers with whom the Group has relations; obtaining explanatory memoranda prepared by external and internal lawyers for the main proceedings in progress; reading the minutes of the Group's various Committees and Commissions; and analysis of the arguments used by management for the graduation of each contingency; ► Involvement in the audit of internal experts in tax matters; ► Evaluation of the probabilities of the outcome of contingencies considering not only the historical decisions as well as the conclusion of similar processes in other entities in the sector; and ► Validation of the disclosures included in the Notes to the financial statements related to Provisions and Legal processes, contingent assets and contingent liabilities. In relation to regulatory and legal provisions, the following procedures were also performed: ► Quarterly meetings with the Group's Regulatory and Financial Departments to take note of new contingencies and obtain an update on any situations known in previous periods; ► Analysis of the newsletters issued by the sector regulator (ANACOM) and its decisions on specific issues of regulation of the sector and assessment of their possible impact on the Group's financial statements; and ► Analysis of National and International Regulation Reports prepared by the Group's Regulatory Department.

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5. Impairment of trade accounts receivable

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
Impairment of trade receivables amounts to 214.6 million Euros as at 31 December 2022 (2021 – 197.6 million Euros), representing approximately 40% (2021: 38%) of the total balance of trade accounts receivable. The impairment testing of accounts receivable is one of the key areas of judgment for management. The identification of the accounts receivable impaired and the determination of the recoverable amount is a process that involves the analysis of several assumptions and factors, including the aging of the debt, the financial condition of the debtor, the expectation of default and of collection and the forward-looking expected credit loss. In specific cases, the use of complex models and assumptions may produce significantly different estimates of impairment of trade receivables, involving a significant volume of information. Audit risk arises from the significant judgment used in this type of calculation and is increased by the large volume of information managed in different information systems, which requires complex calculations and various assumptions based on historical data and forward-looking expectations.	Our approach to the risk of material misstatement included: i) a global response in the way the audit was conducted overall; and ii) a specific response involving a combined approach of assessing controls and performing substantive procedures on collections, recovery of overdue debts, analysis of the variables included in the forward-looking expected credit loss and the calculation of trade receivables impairment as well as the assumptions used by management to define the quantification of the impairment losses to be recognized. We have analyzed the assumptions underlying the quantification of the trade receivables impairment loss based on a forward-looking expect credit approach, which takes into account the ageing of the debt, the financial capacity of the debtors, the historical trends of collections and the forward-looking expect credit loss variables. In addition, we performed sensitivity analysis regarding the assumptions used by the Group. We assessed the adequacy of the applicable disclosures, included in the Notes 2.3.10, 3.1, 4.1 and 18 of the financial statements, particularly the judgments defined by Management, regarding the calculation of expected credit losses resulting from trade receivables balances using a provision matrix.

Key audit matters – Individual financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the individual financial statements of the current period. These matters were addressed in the context of our audit of the individual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We describe below the key audit matters relevant to the current period, regarding individual financial statements:

1. Goodwill and Financial investments impairment

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As at 31 December 2022, the carrying amounts of Goodwill and Financial investments are 454 million Euros (2021: 454 million Euros) and 848 million Euros (2021: 908 million Euros), respectively, representing 51% of the total assets in the individual financial statements (2021: 51%). The possible existence of impairment of Goodwill and Financial investments was considered a key audit matter due to the significance of the amounts on the Entity's financial position and to the complexity involved in the impairment assessment process, which includes assumptions such as future market and economic conditions, market share, revenue and margin evolution. In addition, in the case of the financial investments indirectly held in two entities based in Angola, subjectivity is increased due to the existence of an uncertain economic context and, mainly, in view of the lawsuit filed, in 2020, by the Luanda Provincial Court against the main shareholder of these entities, resulting in the seizure of part of her assets in Angola, including her shares in these entities and consequently, in January 2022, The Public Ministry requested the replacement of the current trustees of the mentioned entities by the Ministry of Telecommunications, Information Technologies and Social Communication (MTTICS).	We assessed the assumptions used in the valuation models prepared by management, namely cash flow projections, discount rates, inflation rates, perpetuity growth rate and sensitivity analysis. We were supported, in the performance of these procedures, by internal specialists in business valuations. We evaluated the reliability of the assumptions used in the development of the business plan when compared to prior periods and as compared to historical data and external information. We also analyzed the expectations and assumptions estimated by the management considering the business segment and the perspectives on the future evolution of the business, obtained through internal and external sources. We evaluated the clerical and arithmetic accuracy of the models used. Regarding Goodwill, we focused specifically on the sensitivity analysis of the two cash-generating units test. Regarding the analysis of the recoverability of investment in Angola, we considered: (i) The economic conditions in Angola and the vicissitudes of the lawsuit filed against the shareholder; (ii) the regulatory framework for the telecommunications sector in Angola; (iii) the review of the report of the external auditor, not belonging to the EY network, of the two entities including: i) the review of the working papers of that auditor; and ii) journal entries testing for balances and transactions with related parties; and (iv) the analysis of the impairment test carried out by NOS, which consisted in determining the recoverable value measured by its value in use. The analysis was carried out with the support of valuations specialists. We verified that the disclosures included in Notes 7 and 9 of the financial statements reflect the results of the impairment tests carried out and the respective sensitivity analysis, considering variables such as the number of customers, price changes and discount rates; or, in the particular case of the financial investments in Angolan entities, the risk adjustment relating to the uncertainty of the current context. We confirmed that the remaining applicable disclosure requirements were met (IAS 36, IFRS 12 and IFRS 13).

Responsibilities of management and the supervisory board for the consolidated and individual financial statements

Management is responsible for:

- the preparation of the consolidated and individual financial statements that presents a true and fair of the Group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union;

- the preparation of the Integrated Management Report, the Corporate Governance Report and the consolidated and individual non-financial statement (included in the Integrated Management Report), in accordance with the law and regulation;
- the design and maintenance of an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of the appropriate accounting policies considering the circumstances; and
- the assessment of the Group's ability to continue as a going concern, disclosing, as applicable, matters that may raise significant doubts about going concern.

The supervisory board is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and individual financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and individual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and individual financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated and individual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and individual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated and individual financial statements, including the disclosures, and whether the consolidated and individual financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and individual financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;
- communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

- from the matters communicated with those charged with governance, including the supervisory board, we determine those matters that were of most significance in the audit of the consolidated and individual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter; and
- we also provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility includes the verification of the consistency of the information included in the Integrated Management Report with the consolidated and individual financial statements, and the verifications under nr. 4 and nr. 5 of article 451 of the Commercial Companies Code ("Código das Sociedades Comerciais"), as well as the verification that the consolidated and individual non-financial statement has been presented (included in the Integrated Management Report).

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the Integrated Management Report

Pursuant to article 451, nr. 3, paragraph e) of the Commercial Companies Code, it is our opinion that the Integrated Management Report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated and individual financial statements and, having regard to our knowledge and assessment over the Entity, we have not identified any material misstatement. Pursuant to article 451, n. 7 of the Commercial Companies Code, this opinion is not applicable to the consolidated and individual non-financial statements included in the Integrated Management Report.

On the Corporate Governance Report

Pursuant to article 451, nr. 4, of the Commercial Companies Code, it is our opinion that the Corporate Governance Report includes the information required to the Entity to provide as per article 29-H of the Securities Code, and we have not identified material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and l) of the nr. 1 of the said article.

On the non-financial statement

Pursuant to article 451, nr. 6, of the Commercial Companies Code, we inform that the Group included in the Integrated Management Report, the consolidated non-financial statement, as required by article 508-G of Commercial Companies Code.

On additional items set out in article 10 of Regulation (EU) nr. 537/2014

Pursuant to article 10 of Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were appointed as auditors of the Group for the first time in the shareholders' general meeting held on 23 April 2014 for the period between 2014 and 2015, to complete the mandate of the three-year period from 2013 and 2015. We were reappointed for a second mandate in the shareholders' general meeting held on 26 April 2016 for the period between 2016 and 2018. On the 8th of May 2019, we were reappointed for a third mandate in the shareholders' general meeting, for the period between 2019 and 2021. On the 21st of April 2022, we were reappointed for a fourth mandate in the shareholders' general meeting, for the period between 2022 and 2023.
- Management has confirmed that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the consolidated and individual financial statements. In planning and executing our audit in accordance with ISAs we maintained professional skepticism and we designed audit procedures to respond to the possibility of material misstatement in the consolidated and individual financial statements due to fraud. As a result of our work we have not identified any material misstatement to the consolidated and individual financial statements due to fraud;
- We confirm that our audit opinion is consistent with the additional report to the supervisory board that we have prepared and delivered today to the supervisory board of the Group; and

NOS, S.G.P.S., S.A.
Statutory and Auditors' Report
(Translation from the original document in Portuguese language
In case of doubt, the Portuguese version prevails)
31 December 2022

- We declare that we have not provided any prohibited services pursuant to article 5 of Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014 and we have remained independent of the Group in conducting the audit.

European Single Electronic Format (ESEF)

The accompanying consolidated and individual financial statements of NOS, S.G.P.S., S.A. for the year ended 31 December of 2022 must comply with the applicable requirements set out in the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (ESEF Regulation).

Management is responsible for preparing and disclosing the annual integrated report in accordance with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance about whether the consolidated and individual financial statements, included in the annual integrated report, are presented in accordance with the requirements set out in the ESEF Regulation.

Our procedures considered the OROC Technical Application Guide (GAT 20) on report in ESEF and included, among others:

- obtaining an understanding of the financial reporting process, including the submission of the annual report in valid XHTML format; and
- the identification and evaluation of the risks of material distortion associated with the marking-up of the information of the financial statements, in XBRL format using iXBRL technology. This evaluation was based on the understanding of the process implemented by the Group to mark-up the information.

In our opinion, the accompanying consolidated and individual financial statements included in the annual integrated report are presented, in all material respects, in accordance with the requirements set out in the ESEF Regulation.

Porto, 7th March 2023

Ernst & Young Audit & Associados - SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)

Sandra e Sousa Amorim (ROC nr. 1213)
Registered with the Portuguese Securities Market Commission under license nr. 20160824

Statement Under the Terms of Article 245°, Paragraph 1, Sub Paragraph C) of the Portuguese Securities Code

In accordance with Article 245°, paragraph 1, c) of the Securities Code, the Board of Directors of NOS, SGPS, S.A., whose names and roles are listed below, declare that, to their knowledge:

a) The management report, the annual individual and consolidated accounts, the legal certification of accounts, required by law or regulation, relative to the year ended 31 December 2022, were elaborated in compliance with the applicable accounting standards, accurately and truthfully portraying the assets and liabilities, the company's financial situation and results, as well as those of the companies included in its consolidation perimeter;

b) The management report faithfully portrays the evolution of the company's business, performance and position, as well as those of the companies included in its consolidation perimeter and, when applicable, contains a description of the main risks and uncertainties they face.

Lisbon, 7 March 2023

THE BOARD OF DIRECTORS

ANGELO PAUPÉRIO
Chairman of the Board of Directors

MIGUEL ALMEIDA
Chief Executive Officer

JOSÉ PEDRO PEREIRA DA COSTA
Vice President – CFO

LUÍS NASCIMENTO
Executive Member of the Board of Directors

JORGE GRAÇA
Executive Member of the Board of Directors

MANUEL RAMALHO EANES
Executive Member of the Board of Directors

FILIPA SANTOS CARVALHO
Executive Member of the Board of Directors

DANIEL BEATO
Executive Member of the Board of Directors

ANA RITA RODRIGUES
Member of the Board of Directors

ANTÓNIO LOBO XAVIER
Member of the Board of Directors

CATARINA TAVIRA VAN-DÚNEM
Member of the Board of Directors

CLÁUDIA AZEVEDO
Member of the Board of Directors

CRISTINA MARQUES
Member of the Board of Directors

JOÃO TORRES DOLORES
Member of the Board of Directors

EDUARDO VERDE PINHO
Member of the Board of Directors

Report and Opinion of the Statutory Independent Audit Board

Shareholders,

According to the articles of association, the supervision of the Company is committed to a Statutory Independent Audit Board, comprised of three full members and one alternate member, elected by the General Meeting, as well as to a Statutory Auditor or Firm of Chartered Accountants.

In these circumstances, as set forth in paragraph 1, sub-paragraph g), of Article 420° of the Portuguese Companies Code, we hereby submit our Report on our Supervision Activity and our Opinion on the Individual and Consolidated Annual Report and Accounts of NOS, SGPS, S.A. ("Company") for the financial year ended on 31 December 2022.

The Statutory Independent Audit Board has regularly accompanied the evolution of the activities of the Company and of its main subsidiaries, monitoring the compliance with the law and with the articles of association, supervising the Company's management, the effectiveness of its risk management systems, internal control and internal auditing and the preparation and disclosure of individual and consolidated financial information. Moreover, the Statutory Independent Audit Board verified the regularity of the accounting records, the accuracy of the individual and consolidated financial statements and the accounting policies and valuation criteria adopted by the Company in order to ensure that they lead to a correct appraisal of its assets and individual and consolidated profits, as well as its cash flow statements.

As part of its duties, the Statutory Independent Audit Board met with the Statutory Auditor and External Auditors in order to monitor their audits and learn their conclusions, supervising the works performed by the Statutory Auditor and External Auditors and their independence and competence. The Statutory Independent Audit Board also met on a regularly basis with the heads of the Internal Audit Department and Legal Department, and the Board Member responsible for the financial area whenever was deemed fit and appropriate. The Statutory Audit Board received full cooperation from all at all times.

The Statutory Audit Board monitored the whistleblowing system. This system is available to all shareholders, employees and to the general public. As for the Corporate Governance report, it is the duty of the Statutory Independent Audit Board to merely verify that it includes the elements referred to in Article 29°-H of the Portuguese Securities Code, which the Statutory Audit Board did.

The Statutory Independent Audit Board also received from the Statutory Auditor a letter confirming its independence in relation to the Company.

As such, the Statutory Independent Audit Board issues the following

OPINION:

The Statutory Independent Audit Board was informed about the conclusions of the work of the examination of the Company's accounts and external auditing on the Individual and Consolidated Financial Statements for the financial year of 2022, which include the individual and consolidated financial position in 31 December 2022, the individual and consolidated Statements by nature, the individual and consolidated Statements of comprehensive income, the individual and consolidated Statement of changes in equity, the individual and consolidated cash flow Statement and its respective Annexes. The Statutory Independent Audit Board scrutinized the Audit Report from the Statutory Auditor and External Auditors on these documents which expressed no reservations.

Within its powers, and according to paragraph 1, subparagraph c) of the article 29.°-G of the Portuguese Securities Code, the Statutory Independent Audit Board declares that, to its knowledge, the Management Report, and the Individual and Consolidated Financial Statements for the financial year ended on 31 December 2022 were drawn up in accordance with the applicable accounting standards, reflecting a true and fair view of the assets and liabilities, financial position and results of NOS, SGPS, S.A. and the companies included in the consolidation as a whole. Additionally, the Management Report faithfully states the businesses' evolution, and the performance and position of the company and of the Group. It also complies with the applicable legal requirements and accounting standards as well as with the articles of association and, whenever deemed necessary, contains a description of the principal risks and uncertainties faced. It is also mentioned that the Non-Financial Statements contain enough information to allow an understanding of the performance, position and impact of the group's activities, related to the matters of environmental, social and worker issues, gender equality, non-discrimination, respect for human rights, fight against corruption and attempts at bribery.

The Statutory Independent Audit Board also ensures that the Company's Corporate Governance Report, which will be announced at the same time as the Management Report, includes the elements referred to in Article 29.° -H of the Portuguese Securities Code.

In view of the above, taking into account the opinion and the information received from the Board of Directors, the Company's departments, the Statutory Auditor and the External Auditor, the Statutory Independent Audit Board opinion is as follows:

i. The Management Report for 2022 may be approved;

ii. The Individual and Consolidated Financial Statements for 2022 may be approved;

iii. The Proposal for the Application and Distribution of Profits presented by the Board of Directors, namely taking into account Article 32.° of the Portuguese Companies Code.

Lisbon, 7 March 2023

THE STATUTORY INDEPENDENT AUDIT BOARD

_____
José Pereira Alves

_____
Patrícia Teixeira Lopes

_____
Paulo Mota Pinto

04

CORPORATE GOVERNANCE REPORT

04
CORPORATE GOVERNANCE REPORT

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PART 1

Mandatory Information Concerning Shareholder Structure,

Organisation and Corporate Governance

A. Shareholder structure

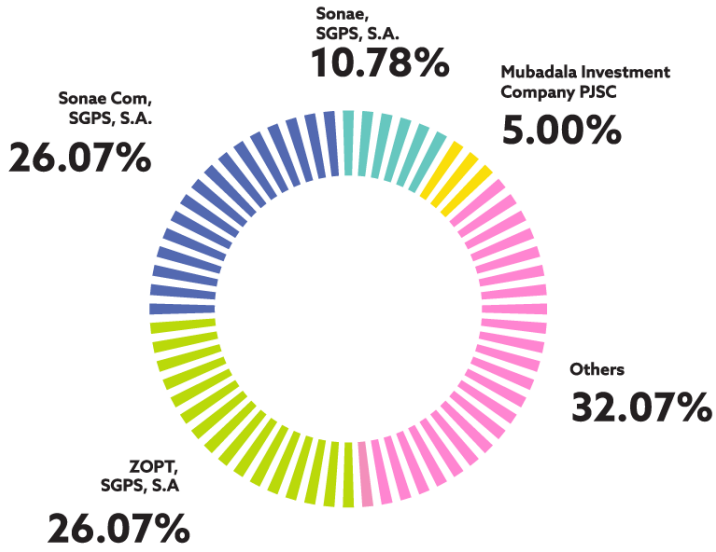
I. Capital structure

1. Capital structure

NOS share capital is 855,167,890.80 euros and it is fully subscribed and paid up, represented by 515,161,380 ordinary shares (there are no share classes), registered book-entry shares with a nominal value of €1,66 (one euro and sixty-six cents) per share and are admitted to trading on the Euronext Lisbon - Sociedade Gestora de Mercados Regulamentados, S.A. regulated market ("Euronext Lisbon").

€855 167 890,89
Share capital

515 161 380
Shares



2. Restrictions on the transfer and ownership of shares

The Articles of Association do not set out limitations or restrictions on the transfer of shares that represent the share capital of NOS.

Notwithstanding, the Articles of Association provide that shareholders who directly or indirectly compete with the activity performed by the companies owned by NOS cannot hold ordinary shares that represent more than 10% of the Company's share capital, without prior authorisation from the General Meeting.

3. Own shares

On 21 April 2022, the General Meeting resolved to authorise the purchase and disposal of own shares by the Board of Directors for the duration of 18 months from the approval of the proposal.

At the end of 2022, the number of own shares was as follows:

OWN SHARES (1)	SHARE CAPITAL (%)
4.008.391	0,7781

(1) All attached rights suspended pursuant to the provision of article 324(1)(a) of the Portuguese Companies Code

4. Impact of the change in shareholder control in important agreements

NOS is not a party to any important agreements that come into force, are amended, or terminate if there is a change of Company control or change in the members of the Board of Directors.

In accordance with standard market practice, NOS and its subsidiaries are parties to some financing contracts and debt issues, which include standard provisions allowing for the change of control (including, tacitly, changes in the change of control as a consequence of a public takeover bid), which are deemed necessary for the achievement of the transactions. The only consequence is the possibility of the financing entities or debt holders, as the case may be, requesting early reimbursement, which means there is no possibility of impairing the economic interest in the Company shares' transfer or the free assessment by the shareholders of the performance of the directors.

NOS also did not adopt mechanisms that imply payments or assumption of fees in the case of transfer of control by the Company in the case of transfer of control or change in the composition of the Board of Directors, and which are likely to harm the economic interest in the free transferability of shares and the free shareholder assessment of the performance of the directors.

5. Countermeasures in case of change of control

NOS has not adopted any measures in order to impede the success of public takeover bids contrary to the interests of the Company and its shareholders.

Similarly, NOS considers that no countermeasures were adopted with the purpose of automatically causing erosion to the Company's assets in the event of a transfer of control or of a change to the composition of the Board of Directors or that would potentially impair the economic interest in the shares' transfer and the free assessment by the shareholders of the performance of the directors.

6. Shareholders' agreements

In an announcement to the market on 28 September 2022 made by its shareholder Sonaecom, SGPS, S.A. ("Sonaecom"), NOS was aware that the shareholder's agreement entered into on 14 December 2012 between the shareholders of ZOPT, SGPS, S.A. ("ZOPT") was terminated. It was also announced that at the Shareholder's General Meeting of ZOPT of 28 September 2022 it was decided to amortise Sonaecom's participation in that company and the reimbursement of the supplementary contributions made by Sonaecom, against the delivery of the shares representing 26.07% of the share capital of NOS. Under the aforementioned amortisation, Sonaecom ceased to be a shareholder of ZOPT, which is now fully owned by Unitel International Holdings, B.V. and Kento Holding Limited.

II. Shareholdings and bonds held

7. Qualified shareholdings

On 12 December 2022, Sonaecom informed NOS that, as a consequence of the amortisation of its shareholding in ZOPT and the reimbursement of the supplementary contributions made by Sonaecom against the delivery of the shares representing 26.07% of the share capital of NOS, Sonaecom ceased to be a shareholder of ZOPT, now directly owning 26.07% of the share capital of NOS.

Similarly, NOS was informed by its shareholder Sonae, SGPS, S.A. ("Sonae") that, following the announcement of its subsidiary Sonaecom, regarding the transaction mentioned above, Sonae is now attributed 36.85% of the share capital and voting rights of NOS, of which 10.78% is direct ownership and 26.07% is indirect attribution of voting rights.

Therefore, the structure of qualified shareholdings in NOS that the Company was notified of (including to information rendered under article 447(5) of the Portuguese Companies Code) was, on 31 December 2022, as follows:

COMPANY	SHARE CAPITAL(%)
Sonaecom, SGPS, S.A.(1)	26,07
Sonae, SGPS, S.A. (3)	10,78
ZOPT, SGPS, S.A. (2)	26,07
Mubadala Investment Company PJSC	5,00
Others	32,07

According to paragraphs (b) and (c) of number 1 of article 20 and article 21 of the Portuguese Securities Code, a qualified shareholding of 26.07% of the share capital and voting rights of the Company, as calculated in the terms of article 20 of the Portuguese Securities Code, is attributable to the following entities:

(1) To Sonaecom and, consequently, to all entities in a control relationship with Sonaecom, SGPS, S.A., namely SONTEL, BV and SONAE, SGPS, S.A., directly or indirectly controlled by EFANOR INVESTIMENTOS, SGPS, S.A., also as a result of the mentioned control relationship. As of 29 November 2017, Efanor Investimentos, SGPS, S.A. ceased to be a controlling shareholder under the terms and for the purposes of articles 20 and 21 of the Portuguese Securities Code.

(2) To ZOPT and, consequently, to the Kento Holding Limited and Unitel International Holdings, BV companies, as well as to Mrs. Isabel dos Santos, being (i) Kento Holding Limited and Unitel International Holdings, BV, companies directly and indirectly controlled by Mrs. Isabel dos Santos and (ii) ZOPT, a company jointly controlled by its shareholders Kento Holding Limited and Unitel International Holdings, BV.

(3) As per announcement disclosed to the CMVM by Sonae, SGPS, S.A., on 12 December 2022.

NOTE: The calculation of the voting rights percentages does not consider own shares held by the Company.

8. Number of shares and bonds held by members of the management and supervisory bodies

NAME	POSITION / JOB	SHARES					
		BALANCE 31-12-2021	TRANSACTIONS 2022				BALANCE 31-12-2022
			Acquisitions	Disposals	Unit Price	Date	
Board of Directors							
Ângelo Gabriel Ribeirinho dos Santos Paupério (1)	Chairman of the Board of Directors	-	-	-	-	-	-
Miguel Nuno Santos Almeida	Chairman of the Executive Committee	244 308	78 075	-	3,838 €	31/03/2022 *	322 383
José Pedro Faria Pereira da Costa	Vice-Chairman of the Executive Committee	257 662	57 743	-	3,838 €	31/03/2022 *	315 405
Daniel Lopes Beato	Executive Member	6 421	6 670 -	- 13 091	3,838 € 4,070 €	31/03/2022 * 04/05/2022	-
Filipa de Sousa Taveira da Gama Santos Carvalho	Executive Member	23 268	7 923	-	3,838 €	31/03/2022 *	31 191
Jorge Filipe Pinto Sequeira dos Santos Graça	Executive Member	75 129	37 410	-	3,838 €	31/03/2022 *	112 539
Luís Moutinho do Nascimento	Executive Member	20 986	37 410	-	3,838 €	31/03/2022 *	58 396
Manuel Ramalho Eanes	Executive Member	97 486	44 189	-	3,838 €	31/03/2022 *	141 675
Ana Rita Ferreira Rodrigues	Non-Executive Member	-	-	-	-	-	-
António Bernardo Aranha da Gama Lobo Xavier	Non-Executive Member	-	-	-	-	-	-
Catarina Eufémia Amorim da Luz Tavira Van-Dúnem	Non-Executive Member	-	-	-	-	-	-
Cristina Maria de Jesus Marques	Non-Executive Member	-	-	-	-	-	-
Eduardo Verde Pinho	Non-Executive Member	38	-	-	-	-	38
João Pedro Magalhães da Silva Torres Dolores (2)	Non-Executive Member	-	-	-	-	-	-
Maria Cláudia Teixeira de Azevedo (3)	Non-Executive Member	-	-	-	-	-	-
Statutory Independent Audit Board							
José Pereira Alves	Chairman of the Statutory Independent Audit Board	-	-	-	-	-	-
Paulo Cardoso Correia da Mota Pinto	Member of the Statutory Independent Audit Board	-	-	-	-	-	-
Patrícia Andrea Bastos Teixeira Lopes Couto Viana	Member of the Statutory Independent Audit Board	-	-	-	-	-	-
Ana Luísa Nabais Aniceto da Fonte	Alternate Member of the Statutory Independent Audit Board	-	-	-	-	-	-
Statutory Auditor							
Ernst & Young Audit & Associados, SROC, S.A.	Statutory Auditor	-	-	-	-	-	-
Sandra e Sousa Amorim	Statutory Auditor	-	-	-	-	-	-
Pedro Jorge Pinto Monteiro da Silva e Paiva	Alternate Statutory Auditor	-	-	-	-	-	-

(1) Ângelo Gabriel Ribeirinho dos Santos Paupério is a non-executive director of Sonae SGPS, SA., which owned, on 31.12.2022, 58.204.920 NOS shares (this number of shares differs from the one communicated by NOS of 55.524.516 shares, which is based on the communication made by Sonae, on 28 September 2022). He is also Chairman of the Board of Directors of Sonaecom, SGPS, S.A., which owned, on 31.12.2022, 134.322.268 NOS shares.
(2) João Pedro Magalhães da Silva Torres Dolores is Executive Director of Sonae, SGPS, S.A. which owned, on 31.12.2022, 58.204.920 NOS shares. He is also Executive Director of Sonaecom, SGPS, SA, which owned, on 31.12.2022, 134.322.268 NOS shares.
(3) Maria Cláudia Teixeira de Azevedo is Executive Director of Sonae, SGPS, S.A., which owned, on 31.12.2022, 58.204.920 NOS shares. She is also Executive Director of Sonaecom, SGPS, SA, which owned, on 31.12.2022, 134.322.268 NOS shares.
* Share acquisition with a 90% discount under the Regulation on Short- and Medium-Term Variable Remuneration of NOS, SGPS, S.A.

9. Special powers of the Board of Directors, especially as regards resolutions on capital increase

The Company's Board of Directors exercise the powers conferred by the law and the Articles of Association.

The Annual General Meeting in 2022 granted authorisation to the Board of Directors for the purchase and sale of own shares and bonds by the Company and subsidiaries, within a set of established and approved parameters by the General Meeting, in accordance with the applicable legislation.

The Company's Articles of Association do not provide any special powers to the Board of Directors regarding resolutions on capital increase.

10. Significant business relationships between the holders of qualified shareholdings and the Company

The relevant commercial relations held between NOS and their holders of qualified shareholdings during the year 2022 correspond to transactions with related parties referred to in item 92 of this Report.

B. Governing bodies and committees

I. General Meeting

a) Composition of the Board of the General Meeting

11. Details and position of the members of the Board of the General Meeting and respective term of office

The Board of the General Meeting is composed by a Chairman and a Secretary, elected by the General Meeting.

The current members were elected for the term of 2022-2024, beginning on 21 April 2022 and ending on 31 December 2024, and they are:

Chairman	António Agostinho Cardoso da Conceição Guedes
Secretary	Maria Daniela Farto Baptista Passos

b) Exercise of the voting right

12. Restrictions on the right to vote

There are no restrictions on voting rights provided in the Company's Articles of Association, with shareholders with voting rights being able to attend the General Meetings.

To every 100 shares corresponds one vote, which is not deemed as a limit to the exercise of the voting right by the shareholders, as it does not follow the principle of *one share one vote,* bearing in mind that (i) the nominal value of the shares is one euro and sixty-six cents and (ii) shareholders holding less than the number of shares necessary to exercise the voting right may join together to reach the required number or more and be represented at the General Meeting by one of these shareholders.

Shareholders with voting rights who, on the record date, which is at 0 hours (GMT) on the 5th trading day before the General Meeting, own shares that grant at least one vote pursuant to the law and the Company's Articles of Association and who comply with the legal formalities as described in the corresponding notice, have the right to participate, discuss and vote at the General Meeting.

The shareholdings, as a whole, are not subject to limits on the respective voting power, as there are no cap limits on voting. Additionally, considering the relationship of proportionality there is no time lag between the right to receive dividends or to subscribe new securities and the voting right.

The voting right may, on all matters included in the notice of meeting, may also be exercised by correspondence or by electronic means, under the terms set forth in the Company's Articles of Association and in the notice of meeting, since the Company also has a system that allows, without limitations, the possibility of shareholders using their voting rights in both formats, being this information duly communicated to shareholders and made available to the public through the publication of the corresponding notice and other documents (including voting ballot and forms) on the Company's website.

The participation of the shareholders is ensured by electronic means, through videoconferencing and with the possibility of exercising voting rights.

13. Maximum percentage of voting rights that may be exercised by a single shareholder or by shareholders that are in any relationship as set out in article 20(1) of the Portuguese Securities Code

Pursuant to the Company's Articles of Association, there is no limit on the number of votes that can be held or exercised by each shareholder.

14. Shareholders' resolutions that, imposed by the Articles of Association, may only be taken with a qualified majority, in addition to those legally provided

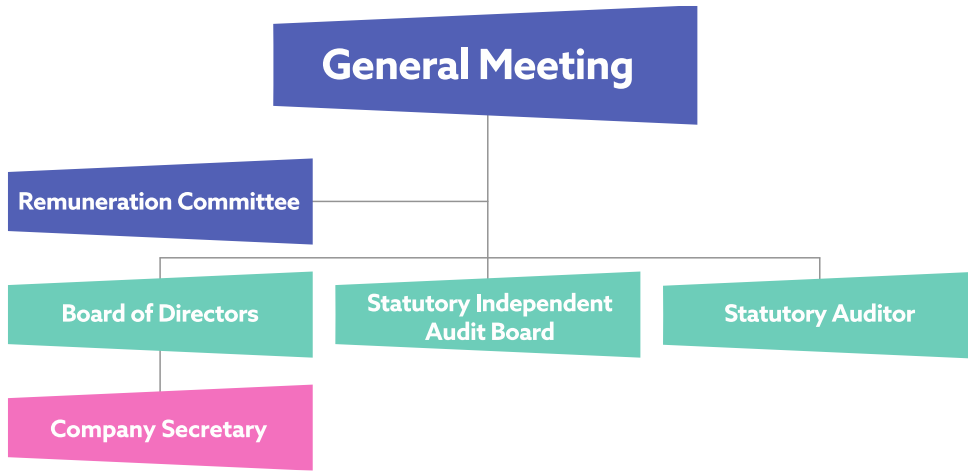
Pursuant to the Articles of Association, the General Meeting can run at a first meeting so long as shareholders representing more than 50% of the share capital are present or represented, which represents the constitutive quorum.

The Articles of Association do not set any qualified quorum greater than that provided by law.

II. Administration and supervision

a) Composition

15. Identification of the corporate governance model



NOS adopts the reinforced one-tier governance model, a model which is fully and effectively implemented and there are no constraints on its operations.

The adopted model allows the Company to work properly, enabling a flow of information and a proper and transparent dialogue between the different governing bodies and between the Company, its shareholders and other *stakeholders*.

16. Rules of the Articles of Association on the appointment and replacement of directors

The members of the Board of Directors are elected by the General Meeting, which appoints a Chairman and if it so wishes, one or more Vice-Chairman.

If the General Meeting does not appoint a Chairman of the Board of Directors, the Board will make the appointment.

One of the Company's directors can be elected by the General Meeting through isolated appointment, from persons proposed on lists drawn up by groups of shareholders, provided that none of these groups possesses shares representing more than 20% and less than 10% of the share capital.

The replacement of a director, if they cease their office before the end of the term of office, shall comply with applicable legal requirements.

Without prejudice to the above, the Company's Articles of Association state that where the director who is definitively absent is the Chairman or Vice-Chairman, he/she shall be replaced through election at the General Meeting. For this purpose, a director is considered to be definitively absent if, during their term of office, they miss two meetings in a row or five in total, without a justification that is accepted by the Board of Directors.

17. Composition of the Board of Directors

The Board of Directors is composed of up to 23 members elected by the General Meeting, and no express provision is set out on the minimum number. Therefore, the statutory minimum corresponds to the minimum legal requirement for a collegial body (i.e., 2 members).

If the law or the Articles of Association do not set a specific number of members on a governing body, this number shall be established, on a case-by-case basis, by the resolution of election, corresponding to the number of members elected. This does not affect the possibility to change the number of the governing body members during the term of office, up to the legal limit or up to the limit set out by the Articles of Association.

The Board of Directors keep their terms of office for renewable periods of 3 calendar years, and the calendar year of their appointment counts as a complete year.

The Board of Directors was elected in the Annual General Meeting of 21 April 2022, for the three-year term of 2022/2024, and the term of office ends on 31 December 2024.

On 31 December 2022, the Board of Directors comprises the following directors:

NAME	POSITION / JOB	FIRST APPOINTMENT
Ângelo Gabriel Ribeirinho dos Santos Paupério	Chairman of the Board of Directors	1 Oct 2013
Miguel Nuno Santos Almeida	Chairman of the Executive Committee	1 Oct 2013
José Pedro Faria Pereira da Costa	Executive Member	21 Sep 2007
Daniel Lopes Beato	Executive Member	15 Jan 2021
Filipa de Sousa Taveira da Gama Santos Carvalho	Executive Member	15 Jan 2021
Jorge Filipe Pinto Sequeira dos Santos Graça	Executive Member	26 Apr 2016
Luís Moutinho do Nascimento	Executive Member	29 Jun 2017
Manuel António Neto Portugal Ramalho Eanes	Executive Member	1 Oct 2013
Ana Rita Ferreira Rodrigues	Member	23 Mar 2020
António Bernardo Aranha da Gama Lobo Xavier	Member	1 Oct 2013
Catarina Eufémia Amorim da Luz Tavira Van-Dúnem	Member	27 Nov 2012
Cristina Maria de Jesus Marques	Member	23 Mar 2020
Eduardo António Salvador Verde Rodrigues Pinho	Member	21 Apr 2022
João Pedro Magalhães da Silva Torres Dolores	Member	26 Apr 2016
Maria Cláudia Teixeira de Azevedo	Member	1 Oct 2013

18. Distinction to be drawn between executive and non-executive directors and details of independent members

The Regulations of the Board of Directors, approved on 3 May 2022, establish that the members of the Board of Directors who do not perform executive duties should always outnumber the members of the Executive Committee, in order to ensure the effective capacity for adequate supervision, monitoring and evaluation of the performance of the members of the Executive Committee.

Therefore, in order to maximise the pursuit of the Company's interest, the management body is composed of 8 non-executive members and 7 executive members.

The number of non-executive members is suitable bearing in mind, especially, the size, shareholder structure, and complexity of the risks associated with the activity of the Company.

Having considered the above mentioned, and also based on the Company's size and its shareholder structure, there is no independent director among its non-executive directors (in line with the definition of independence under the applicable CMVM Regulation and in the IPCG's Corporate Governance Code).

The non-executive directors have regularly and effectively developed their legal functions, which generally consist in the supervision, oversight and evaluation of the executive member's activity. The Regulations of the Board of Directors provide that those directors must help the Board of Directors to define the strategy (including the strategic plan), main policies (including risk policy), business structure and decisions that should be considered strategic for the Company due to their amount or risk, as well as in evaluating their compliance, and as such they cannot be delegated to the Executive Committee.

NOS non-executive directors have also made important contributions to the Company by performing their duties on the specialised Board of Directors Committees (see item 27).

19. Professional qualifications and curricular information of the members of the Board of Directors

Pursuant to the Portuguese Companies Code ("CSC"), the General Meeting has the duty to elect the members of the management and supervisory bodies and, in that sense, it will be its major role in choosing qualified professionals ensuring also the promotion of diversity within these bodies. Professional qualifications and offices held by each member of the Board of Directors are in the Annex to this Report and, briefly, in the matrix of competences integrated in chapter "2.2.3. Governance Model" of the Integrated Management Report.

The Regulations of the Appointments and Assessments Committee of NOS provides that, during the exercise of its duties when supporting the Board of Directors, the Committee shall prepare an opinion on the adequacy of certain candidate to the board, bearing in mind criteria such as qualifications, knowledge, expertise and professional experience, independence, integrity, availability and diversity, with a particular emphasis on gender diversity. The goal is, therefore, to help enhance the management body's performance and balance its composition.

In turn, it is the duty of the Corporate Governance and Sustainability Committee to determine the criteria and requirements of the profile for new governing bodies members suited to the position to be held which, in addition to individual attributes (such as expertise, independence, integrity, availability and experience), should also consider diversity requirements, with a particular emphasis on gender diversity which may help, in principle, to enhance the body's performance and balance its compositions.

For that purpose, the NOS Internal Policy for Selecting Members of the Management and Supervisory Bodies provides a set of general principles, individual merit criteria, and collective composition, which include, among others, diversity and inclusion within these governing bodies. This internal policy is also in line with the principles set forth in the Declaration of Commitment to Diversity and Inclusion of the NOS Group.

The Internal Policy for the Selection of Members of the Management and Supervisory Bodies is available at

https://www.nos.pt/institucional/PT/investidores/governo-de-sociedade/Documents/Politica%20interna%20de%20Selecao%20CA%20e%20CF%20NOS_marco2022_EN.pdf.

The Declaration of Commitment to Diversity and Inclusion is available at

https://www.nos.pt/institucional/EN/Sustainability/Documents/Declaration-Commitment-Diversity-and-Inclusion.pdf.

Furthermore, NOS sets out in its Code of Ethics a general principle applicable to all its employees and, therefore, including members of the management and supervisory bodies, under which the human resources management policy is based, mainly, on respect for diversity, individual rights and non-discrimination depending on age, gender, sexual orientation, race, disability, religion or creed, promoting diversity as a core value present in all internal processes and procedures.

Currently, apart from the diversity of skills, variety of academic qualifications and professional experience, members of the Board of Directors and the Statutory Independent Audit Board possess the adequate diversity in terms of age and gender. In fact, apart from the fact that the percentage of female

members is 33% and 50%, respectively, in both bodies – in compliance with the provisions of law –, the members of these bodies are between 34 and 63 years of age.

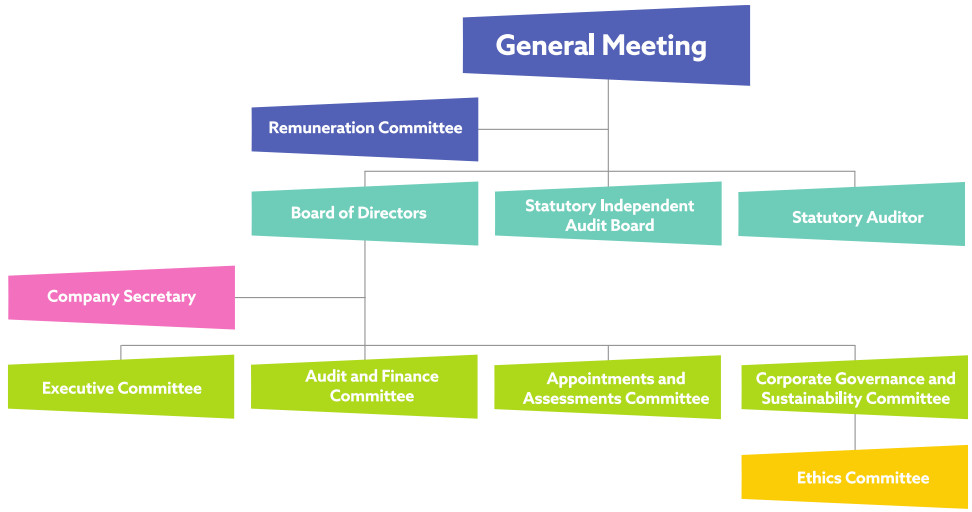
The Internal Policy for the Selection of Members of the Management and Supervisory Bodies, prepared by the Corporate Governance and Sustainability Committee, provides a set of principles, requirements, and criteria regarding the profile of the members of the management and supervisory bodies, to be assessed at an individual and collective level. In the light of this internal policy, it is sought to promote the composition of bodies, the members of which should show evidence they have, namely, experience, expertise, integrity, independence, and availability to perform their respective duties, joining bodies characterised by its diversion and inclusion, complementarity and independence.

20. Family, professional or business relationships of members of the Board of Directors with shareholders that are assigned qualified holdings that are greater than 2% of the voting rights

NAME	POSITION / JOB	COMPANY	PARTICIPATION IN NOS SHARE CAPITAL
Ângelo Gabriel Ribeirinho dos Santos Paupério (Chairman of the Board of Directors)	Chairman of the Board of Directors	Sonaecom, SGPS, S.A.	26.07%
	Member of the Board of Directors	Sonae SGPS, S.A.	10.78%
Maria Cláudia Teixeira de Azevedo (Member of the Board of Directors)	Member of the Board of Directors	Sonaecom, SGPS, S.A.	26.07%
	Member of the Board of Directors and Chairman of the Executive Committee	Sonae SGPS, S.A.	10.78%
João Pedro Magalhães da Silva Torres Dolores (Member of the Board of Directors)	Member of the Board of Directors	Sonaecom, SGPS, S.A.	26.07%
	Member of the Board of Directors and Member of the Executive Committee	Sonae SGPS, S.A.	10.78%

21. Competence sharing between the various governing bodies, commissions and/or Company departments, including information on competence delegation, in particular regarding daily management of the Company

The Board of the General Meeting, the Remuneration Committee, the Board of Directors, the Statutory Independent Audit Board and the Statutory Auditor are governing bodies of the Company.



NOS Board of Directors is responsible for managing the Company's activity and their responsibilities are defined in the law, the Company's Articles of Association and the corresponding Regulations.

The Board of Directors created and delegated the day-to-day management of the Company to an Executive Committee for the three-year term of 2022/2024, setting out the corresponding composition, functioning and delegation of management powers.

Therefore, the Board of Directors delegated to the Executive Committee the necessary powers to develop and execute the day-to-day management of the Company. For these purposes, were not deemed as current management and, as such, were not delegated by the Board of Directors, namely: (i) the definition of the Company's strategy and main policies; (ii) the organisation and coordination of the business structure; (iii) the matters which are to be deemed as strategic in view of their amount, risk or special characteristics.

Alongside the day-to-day management of the Company, the Executive Committee is responsible, in particular, for:

a) Proposing, to the Board of Directors, the strategic guidelines of the Group and fundamental policies of the Company and its subsidiaries;

b) Working with the Board of Directors and its Committees, as needed for the fulfilment of their respective purposes;

c) Determining the internal organisational and operating norms of the Company and its subsidiaries, namely with regard to employee hiring, professional categories, remuneration and other employees' bonuses;

d) Issuing binding instructions to companies in a group relationship consisting of complete control, and controlling these companies' implementation of the guidelines and policies laid out pursuant to the above sub-paragraphs;

e) Exercising disciplinary power, and deciding on applicable penalties for the Company's employees;

f) Deciding on the acquisition of own shares by the Company, and/or by any of its dependent companies, within the scope of NOS variable remuneration policy, per the terms and conditions approved by the General Meeting.

The Board of Directors, when defining the functioning of the Executive Committee, specifically delegated to the Chairman of the Executive Committee the following duties:

a) Coordinating the activity of the Executive Committee;

b) Convening and conducting the meetings of the Executive Committee;

c) Providing for the proper implementation of the resolutions of the Board of Directors;

d) Providing for the proper implementation of the resolutions of the Executive Committee;

e) Ensuring the compliance with the limitations on the delegation of powers, on the strategy of the Company and the duties of cooperation before the Chairman of the Board of Directors and other members of the Board of Directors as well as other company bodies;

f) Ensuring that the Board of Directors is informed of the actions and relevant decisions of the Executive Committee, as well as guaranteeing that all the clarifications requested by the Board of Directors are provided in a timely and appropriate manner;

g) Ensuring that the Board of Directors is informed, on a quarterly basis, of the transactions that, within the powers delegated to the Executive Committee, have been entered into between the Company and shareholders of qualified holdings equal or above 2% of the voting rights (Qualified Shareholders) and/or any entities in a relationship of article 20 of the Portuguese Securities Code (Related Entities), when such transactions exceed the individual amount of 10,000 Euros.

In the definition of the Company's strategy and policies, the Board of Directors strives to ensure the long-term success of the Company and contribute for the sake of the community in general.

The Executive Committee comprises 7 members, and functionally organises in the following manner:

Miguel Almeida	José Pedro Pereira da Costa	Daniel Beato	Filipa Santos Carvalho	Jorge Graça	Luís Nascimento	Manuel Ramalho Eanes
Strategy and Business Development	Financial and Assurance Services	Product	Corporate Secretary	Quality and Transversal Projects	People and Organisation	Corporate Transformation Center
Corporate Communication	Corporate Finance	Offer and Segmentation	Legal	Mobile Centric	Customer Care, Back-office and Processes	Corporate Solutions
Transformation	Data Protection Officer	Experience and Value	Audit, Risk, and Compliance	Fiber Centric	I&M, Technical Support, Logistics, and Terminal Management	B2B Direct Sales
NOS Madeira	Investor Relations and Sustainability	CRM	Market & Customer Intelligence	Operations		Corporate Channels
NOS Açores	Planning and Management Control	WOO and WTF	Regulatory	Information Services	Contents	Wholesale
	Procurement	Personal Sales		Innovation Services	Audiovisuals	
		Brand and Communication			Cinemas	
		Alarms			Advertising	

b) Functioning

22. Availability and place where Regulations on the functioning of the Board of Directors may be viewed

The Board of Directors, at its meeting on 3 May 2022, approved its Regulations on organisation and functioning, which is available at

https://www.nos.pt/institucional/EN/investors/corporate-governance/Documents/Regulamento%20CA_maio2022_EN.pdf.

In line with the recommendations and good practices adopted by the Company, the Regulations on the organisation and functioning of the Board of Directors govern, namely, the exercise of the powers, the presidency, the frequency of meetings, the performance and the obligations' framework of the members of this governing body.

23. Number of meetings held and the attendance report of the members of the Board of Directors

In accordance with its Regulations, the Board of Directors of NOS meets at least 6 times a year and whenever is convened on the initiative of the Chairman, or by 2 directors.

During 2022, the current Board of Directors held 7 meetings, 4 hybrid (in person and by electronic means) and 3 exclusively by electronic means, and all of them had the minutes drawn up.

The attendance degree of the members of the Board of Directors in the meetings held was as follows:

NAME	PRESENT	REPRESENTED	ABSENT	ATTENDANCE (%)
Ângelo Gabriel Ribeirinho dos Santos Paupério (Chairman of the Board of Directors)	7	0	0	100
Miguel Nuno Santos Almeida	7	0	0	100
José Pedro Faria Pereira da Costa	7	0	0	100
Daniel Lopes Beato	7	0	0	100
Filipa de Sousa Taveira da Gama Santos Carvalho	7	0	0	100
Jorge Filipe Pinto Sequeira dos Santos Graça	7	0	0	100
Luís Moutinho do Nascimento	7	0	0	100
Manuel António Neto Portugal Ramalho Eanes	7	0	0	100
Ana Rita Ferreira Rodrigues	7	0	0	100
António Bernardo Aranha da Gama Lobo Xavier	7	0	0	100
Catarina Eufémia Amorim da Luz Tavira Van-Dúnem	7	0	0	100
Cristina Maria de Jesus Marques	7	0	0	100
Eduardo António Salvador Verde Rodrigues Pinho(1)	4	0	0	100
João Pedro Magalhães da Silva Torres Dolores	7	0	0	100
Maria Cláudia Teixeira de Azevedo	6	1	0	100

(1) In office as of 21 April 2022 (4 meetings were held since that date)

24. Competent governing bodies undertaking the performance appraisal of executive directors

The Remuneration Committee is empowered to annually assess the Executive Committee, supported by an opinion issued by the Appointments and Assessments Committee.

The Board of Directors of NOS also has a rule to self-assess its procedures, as well as of its internal committees, ensuring an efficient, informed, and consistent performance with the objectives of the organisation.

25. Predefined criteria for assessing executive directors' performance

The assessment criteria for the members of the Executive Committee are totally dependent on measurable and predefined criteria, which globally consider the Company's fulfilment of the strategy and of the established goals, plans and budget, growth and wealth creation in a mid-long-term perspective.

In this scope and for further detail please refer to items 70 and 71 of this Report.

26. The availability of the members of the Board of Directors with details of the positions held at the same time in other companies within and outside the Group

The offices held by the directors in other companies, within and outside NOS Group, are submitted in the Annex to this report.

All the members of the Board of Directors are able to perform their duties with utmost diligence, guaranteeing careful management in accordance with best practices, scrupulously fulfilling their general and fundamental duties.

In accordance with the Regulations of the Board of Directors, the directors inform the Chairman of the Board of Directors, that informs the other members, whenever there is a situation of a potential or an effective conflict of interests of a director, on his own behalf, on other's behalf or as determined on the Company's Code of Ethics. Such communication of conflict of interests should not be limited to the deliberation context, but should always occur whenever there are facts which might so constitute or originate a conflict between the interests at issue and the Company's interests.

In situations regarding social deliberations, as set out in the Regulations, if the Board of Directors or the director consider that there is a conflict of interest, the latter shall not participate in the discussion nor exercise their respective right to vote in the deliberations in question and, in such situations, the director in question will not receive documentation pertaining the topics where there is a conflict of interest.

In addition, at the time of their election and by 31 January of each year, all members of the Board of Directors individually complete a questionnaire on independence and applicable incompatibilities in accordance with the applicable regulations, without prejudice to the obligation to immediately report any changes to the answers to such questionnaire.

c) Committees within the board of directors

27. Details of the committees created within the Board of Directors

Considering the limits set out by law and the best corporate governance practices, the Board of Directors of NOS created and delegated to an Executive Committee the day-to-day management of the Company.

In compliance with the applicable legal or regulatory requirements, the NOS Board of Directors created internal committees always with merely ancillary duties and the resolutions to be taken only by the management body.

All Committees have internal regulations, which regulate the exercise of their functions, the presidency, the frequency of meetings, the operation and the duties of their members, namely:

Corporate Governance and Sustainability Committee
Audit and Finance Committee
Appointments and Assessments Committee
Ethics Committee

28. Composition of the Executive Committee

On 31 December 2022, NOS Executive Committee comprised the following directors:

Chairman	Miguel Nuno Santos Almeida
Member	José Pedro Faria Pereira da Costa
Member	Daniel Lopes Beato
Member	Filipa de Sousa Taveira da Gama Santos Carvalho
Member	Jorge Filipe Pinto Sequeira dos Santos Graça
Member	Luís Moutinho do Nascimento
Member	Manuel António Neto Portugal Ramalho Eanes

The members of the Executive Committee are chosen by the Board of Directors and the Committee is made up of a minimum of 3 and a maximum of 7 directors.

29. Description of the powers of each of the committees established and a summary of activities undertaken in exercising said powers

The Board of Directors delegated to the Executive Committee the necessary powers to develop and execute the day-to-day management of the Company, as detailed in item 21 of this Report.

The powers delegated to the Executive Committee may be sub-delegated, partially or in whole, to one or more of its members or to employees of the Company.

Therefore, the Executive Committee is responsible for the day-to-day management of the Company, and comprises directors whose professional profiles ensure that they have the due reputation, competence, diversity of knowledge and experience to perform their duties.

The Board of Directors set out the rules on the composition, operation, and delegation of management powers to the Executive Committee, which document is available at

https://www.nos.pt/institucional/EN/investors/corporate-governance/Documents/Deleg_CE_2022_EN.pdf.

The members of the Executive Committee shall not perform executive management functions in companies in which the Company has no shares, without the prior consent of the Board of Directors.

In accordance with the provisions in its Regulations, during 2022, the Executive Committee had 39 meetings, having been discussed there, among others, issues related to the activity to be performed by the Group's business units and companies, transactions approvals with related parties, approval of increase and reduction of capital in companies of the Group, execution and reimbursements of supplementary capital and shareholders loans and sale of property. Minutes from all the meetings were drafted and the attendance of the meetings was 97%.

For more detailed information related with the professional experience and expertise to their positions by the members of the Executive Committee, refer to the Annex to this Report.

CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE

The Corporate Governance and Sustainability Committee has the duty to reflect on the governance system, structure and practices, the environmental and social sustainability, with special emphasis on the protection of human and labour rights and anti-corruption practices, and to verify its effectiveness and propose measures to the appropriate bodies with a view to improving them.

On 31 December 2022, the Corporate Governance and Sustainability Committee had the following composition:

Chairman	Maria Cláudia Teixeira de Azevedo
Member	António Bernardo Aranha da Gama Lobo Xavier
Member	Filipa de Sousa Taveira da Gama Santos Carvalho

Its Regulations can be consulted at https://www.nos.pt/institucional/EN/investors/corporate-governance/Documents/Deleg_CE_2022_EN.pdf.

The duties and powers of the Corporate Governance and Sustainability Committee are, namely, the following:

a. To study, propose and recommend the adoption by the Board of Directors of the policies, rules and procedures necessary for compliance with the applicable legal and regulatory provisions as well as those of the Articles of Association, including recommendations, opinions and best practices, both national and international, in the matter of corporate governance, rules of conduct and environmental and social sustainability;

b. To ensure the supervision of environmental, social, and corporate governance risks and the creation of mitigation and resolution mechanisms for possible controversial situations associated with those risks;

c. To strive for full compliance with legal and regulatory requirements, recommendations and best practices relating to the Company's governance model and for the adoption by the Company of corporate principles and practices in matters such as:

   i. The structure, powers and operation of governing bodies and internal committees, and their respective internal coordination;

   ii. Requirements with regard to incompatibilities, independence, qualifications and experience, among other diversity requirements, applicable to members of the management and supervisory bodies;

   iii. Efficient means for non-executive members of the management body to perform their duties;

   iv. The exercising of voting rights, representation and equal treatment of shareholders;

   v. Preventing conflicts of interest;

   vi. The scheme applicable to executive directors, and their performance of executive duties at entities outside of the Group;

   vii. Transparency of corporate governance, of information to be disclosed to the market and of the relationships with the investors and other Company stakeholders;

d. To promote and supervise, in the different hierarchical levels, the effective compliance with the Company's Code of Ethics, and also to propose to the Board of Directors measures it considers appropriate to perfect and update the said Code;

e. Propose to the Board of Directors those measures it considers appropriate for the development of a corporate and professional ethics culture within the Company;

f. To assist and support the Board of Directors in the performance of its function of supervising business activities in matters of corporate governance, rules of conduct, and environmental and social sustainability, as well as the means of ensuring an adequately and timely flow of

information needed for all the Company's bodies and committees to exercise their powers under the law and Articles of Association;

g. In cooperation with the Appointments and Assessments Committee, establishing criteria and requirements for the profile of new governing bodies members suited to the function to be performed, including, in addition to individual attributes, such as competence, independence, integrity, availability and experience, diversity requirements that contribute jointly towards the outstanding performance of these bodies and their balanced composition;

h. To ensure full compliance with legal and regulatory requirements, recommendations, and best practices with regard to sustainability, proposing the guidelines of the Company's social responsibility, environmental and ethics policies, including, among others, principles and values to safeguard the interests of the Company's various stakeholders, as well as overseeing and monitoring the strategic plan for environmental, social, and corporate governance sustainability and its alignment with the corporate strategy;

i. In cooperation with the Company's Sustainability Forum, monitoring the main developments in matters of environmental and social sustainability.

In 2022, under its competences, the Corporate Governance and Sustainability Committee met once, having been discussed in that meeting, among others, issues related with the corporate governance report of 2021, the assessment of the proposals made by the Board of Directors to be submitted to the approval of the General Meeting of NOS, the approval of the amendment proposal to the Code of Ethics and the proposal for the Internal Policy for Selecting Members of the Management and Supervisory Bodies, as well as evaluation of the proposal of the Code of Conduct on Prevention of Corruption and Related Offences and the proposal to amend the Regulation on the Notification of Irregularities (Whistleblowing), and to be informed of the Declaration of Commitment to Diversity and Inclusion of NOS and the Regulation of the Diversity and Inclusion Committee. Minutes from the meeting was drafted and the attendance was 100%.

AUDIT AND FINANCE COMMITTEE

The Audit and Finance Committee has the duty of assisting in the assessment of financial matters, practices and accounting policies, supervise risk control policy, and advise the Board of Directors and the Statutory Independent Audit Board in the previously mentioned matters.

On 31 December 2022, the Audit and Finance Committee had the following composition:

Chairman	João Pedro Magalhães da Silva Torres Dolores
Member	Ângelo Gabriel Ribeirinho dos Santos Paupério
Member	Ana Rita Ferreira Rodrigues
Member	Cristina Maria de Jesus Marques

Its Regulations can be consulted at https://www.nos.pt/institucional/EN/investors/corporate-governance/Documents/Regulamento%20CAF_maio2022_EN.pdf.

The powers and duties of the Audit and Finance Committee are, namely, the following:

a) To follow the activity of the Executive Committee;

b) To review the annual, half-yearly, quarterly, and similar financial statements and publish, and to report its findings to the Board of Directors;

c) To advise the Board of Directors on its reports to the market to be included in the publication of the annual, half-yearly and quarterly results' documents;

d) To advise the Statutory Independent Audit Board, on behalf of the Board of Directors, on the appointment, duties and remuneration of the External Auditor;

e) To advise the Board of Directors on the quality and independence of the Internal Audit function, and on the appointment and dismissal of the Internal Audit Manager;

f) To review the scope of the Internal Audit and Risk Management functions, as well as their relationship with the work of the External Auditor;

g) To review and discuss with the External Auditor, the Internal Auditor, and the person in charge of risk management the reports produced within the scope of their duties and, consequently, to advise the Board of Directors on matters deemed relevant;

h) To oversee the Company's risk management policy, in conjunction with the Statutory Independent Audit Board, by monitoring risk control policies, identifying key risk indicators (KRI) and integrated risk assessment methodologies;

i) To review, discuss and advise the Board of Directors on the accounting policies, criteria and practices adopted by the Company;

j) To review transactions between the Company and shareholders of qualified holdings of 2% or more of voting rights ("Qualified Shareholders") and/or entities which they have any relationship pursuant to article 20 of the Securities Code, and persons or entities qualified as related parties ("Related Parties"), pursuant to Company regulations approved by the Board of Directors by proposal of the Statutory Independent Audit Board.

In 2022, under its competences, the Audit and Finance Committee had 4 meetings and discussed (i) matters related to the financing strategy, (ii) transactions with related parties, (iii) financing, planning and control, investors relationship, sustainability, and internal audit reports, (iv) quarterly and annual financial statements, and (v) press releases of earnings announcements. Minutes from the meetings were drafted and the attendance of the meetings was 100%.

APPOINTMENTS AND ASSESSMENTS COMMITTEE

The Appointments and Assessments Committee has the duty to ensure a competent and independent evaluation of the performance of the executive directors, the overall performance evaluation report for the Board of Directors and its various specialised committees, and also to ensure the timely identification of potential candidates with the necessary profile for the performance of director's duties.

On 31 December 2022, the Appointments and Assessments Committee had the following composition:

Chairman	Ângelo Gabriel Ribeirinho dos Santos Paupério
Member	Ana Rita Ferreira Rodrigues
Member	João Pedro Magalhães da Silva Torres Dolores

Its Regulations can be consulted at https://www.nos.pt/institucional/EN/investors/corporate-governance/Documents/Regulamento%20da%20CNA_maio2022_EN.pdf.

It is the responsibility of the Appointments and Assessments Committee to:

a) Assist the Board of Directors when appointing directors to be appointed by co-optation to join the Company's Board of Directors;

b) In its duties to support the Board of Directors, in the event of any vacancy on the Company's Board of Directors or Executive Committee, prepare a justified opinion, identifying persons with the profile most suited to the function to be performed, considering, in addition to individual attributes, such as competence, independence, integrity, availability and experience, diversity requirements that contribute jointly towards the outstanding performance of these bodies and their balanced composition;

c) Approve and make its terms of reference available, and foster, to the extent of its powers, transparent selection processes that include effective mechanisms to identify potential candidates, and ensure that those chosen as candidates possess the highest degree of merit, are best suited to the demands of the functions to be carried out, and shall encourage suitable diversity within the organisation;

d) Conduct the annual evaluation process of the members of the Executive Committee, ensuring further harmonisation with the Board of Directors and the Remuneration Committee;

e) Within the annual process of evaluation of the members of the Executive Committee, propose to the Remuneration Committee the criteria which will be regarded when establishing the variable remuneration, namely the individual performing goals;

f) Prepare an overall performance evaluation report of the Board of Directors and its various specialised committees, bearing in mind compliance with the Company's strategic plan, budget,

risk management and internal operation, and the contribution of each member of these bodies for this purpose, together with the relationship between the Company's bodies and committees;

g) Whenever requested by the Board of Directors or by the Remuneration Committee, issue an opinion on the Executive Committee's general remuneration policy, as well as on the variable remuneration programs based on the allocation of NOS shares or stock options.

The Appointments and Assessments Committee shall observe the long-term interests of shareholders, investors and the general public, and, to the extent of its powers, shall contribute towards achieving social responsibility and sustainability goals.

In 2022, under its competences, the Appointments and Assessments Committee had 1 meeting. In the meeting, an evaluation proposal for the executive members of the Board of Directors and their KPIs achievement was presented and discussed, as described in the Remuneration Policy by reference to the year 2021. Minutes from the mentioned meeting was drafted and its attendance was 100%.

ETHICS COMMITTEE

The Ethics Committee has the duty to disclose and monitor, with impartiality and independence, the Code of Ethics of NOS Group. This document is available at

https://www.nos.pt/institucional/PT/investidores/governo-de-sociedade/Documents/Codigo_de_Etica_Geral_EN_EXTERNA.pdf.

It is composed by 3 members (non-executive director, Chairman of the Statutory Independent Audit Board and the director in charge of People and Organisation) appointed by the Board of Directors.

On 31 December 2022, the Ethics Committee had the following composition:

Chairman	António Bernardo Aranha da Gama Lobo Xavier
Member	José Pereira Alves
Member	Luís Moutinho do Nascimento

Its Regulations can be consulted at

https://www.nos.pt/institucional/PT/investidores/governo-de-sociedade/Documents/Regulamento%20CdE_fev2022_EN.pdf.

The Ethics Committee is responsible, inter alia, for:

a) Receiving, analysing, and responding to clarification requests referring to the Code of Ethics and its compliance, either through requests directed to the supervisors, to the People and Organisation Department or via an email created for this purpose;

b) Analysing and investigating the complaints referring to the alleged breach of the Code of Ethics, in accordance with its competences;

c) Requesting that Internal Audit investigate whatever is required at any given time, within the scope of its powers;

d) Drawing up opinions on measures to be taken in the wake of the investigations made under paragraph b);

e) Promoting and monitoring the Code of Ethics' implementation, namely with regard to communication, awareness and training initiatives for employees, suppliers and partners with a view to strengthening an ethical culture;

f) Issuing opinions, when requested to do so, about ethics and conduct codes, or about professional ethical practices;

g) Under the proposal by any body, committee, commission or internal unit or entity of the Company and whenever deemed suitable, making a review of the Code of Ethics and respective procedures concerning the needs of the Company and submit it for the approval of the Corporate Governance and Sustainability Committee;

h) Suggesting to the Corporate Governance and Sustainability Committee policies, goals, instruments and indicators regarding the management system of corporate ethical performance;

i) Ensuring the management system of corporate ethical performance is compatible with the requirements of the Company's internal control system;

j) Drawing up and submitting to the Corporate Governance and Sustainability Committee an annual report of the relevant executed actions in corporate governance matters;

k) Drawing up and submitting annual activity reports to the Board of Directors;

l) Drawing up an annual activity report to address the Company's commitments in the area of sustainability.

In 2022, the Ethics Committee had 5 meetings, and discussed (i) a set of situations and documents, including the validation of a new Code of Conduct on Prevention of Corruption and Related Offences, (ii) made recommendations for the pursuit of a conduct guided by ethical principles, (iii) monitored the communication and training plan for employees and partners, (iv) made the balance of its activities, (v) approved activity indicators, and (vi) approved the review of the Code of Ethics in view of the legislation that designs the general schemes of prevention of corruption and protection of whistleblowers.

The Ethics Committee also held an online session called "Let's Talk Ethics", open to all employees, focused on the theme "Relationship between ethics and the promotion of the employees' mental health and wellbeing".

Minutes from the meetings were drafted and the attendance of the meetings was 100%.

III. Supervision

a) Composition

30. Details of the supervisory body

The Statutory Independent Audit Board is the Company's independent supervisory body.

The supervision of NOS, regarding the legal certification for the accounts, also includes a Statutory Auditor, who cannot be a member of the Statutory Independent Audit Board.

31. Composition of the supervisory body

The Statutory Independent Audit Board is made up of 3 members and an alternate member, elected by the General Meeting, which shall also elect its Chairman, for terms of office of 3 years.

While there is no provision in the Articles of Association requiring a minimum or maximum number of members of the Statutory Independent Audit Board, this Board should necessarily be made of 3 effective members and one alternate member per the terms of law.

The Statutory Independent Audit Board was elected at the General Meeting of 21 April 2022, for the three-year term of 2022/2024, and its term of office ends on 31 December 2024.

On 31 December 2022, the Statutory Independent Audit Board had the following composition:

		FIRST APPOINTMENT
Chairman	José Pereira Alves	8 May 2019
Member	Patrícia Andrea Bastos Teixeira Lopes Couto Viana	25 Apr 2016
Member	Paulo Cardoso Correia da Mota Pinto	21 Apr 2008
Alternate Member	Ana Luísa Nabais de Aniceto da Fonte	8 May 2019

The Company considers that the composition of the Statutory Independent Audit Board, as is market practice in comparable companies, ensures the efficient execution of its functions and that this number is adequate to the dimension of the Company and to the complexity of the risks inherent to its activity. This is reinforced by the existence of the Audit and Finance Committee that, under its competences, assists, advises and supports the Statutory Independent Audit Board in several of its functions, as described above in item 29 of this Report.

32. Details of the independent members of the Statutory Independent Audit Board

The Statutory Independent Audit Board is currently comprised of 3 independent members: José Pereira Alves, Patrícia Teixeira Lopes, and Ana Fonte.

33. Professional qualifications of the members of the Statutory Independent Audit Board and other curricular information

The members of the Statutory Independent Audit Board are manifestly suitable and have academic and professional qualification and experience appropriate to the exercise of supervisory functions, and item 19 above on diversity matters are applicable to them.

In order to ensure a more assertive understanding of the effective qualifications, experience and availability of the Statutory Independent Audit Board members, the functions performed by them, as well as their academic and professional qualifications and professional activities, are in the Annex to this report.

b) Functioning

34. Rules on the functioning of the Statutory Independent Audit Board

The functioning and powers of the Statutory Independent Audit Board are established in its Regulations, reviewed and approved on 24 February 2022, which is available at https://www.nos.pt/institucional/EN/investors/corporate-governance/Documents/Regulamento%20CF_fev_2022_EN.pdf.

35. Meetings held and the attendance report of the members of the Statutory Independent Audit Board

In 2022, under its competences, the Statutory Independent Audit Board had 12 meetings and in their meetings, among other activities, it was discussed the annual and quarterly financial statements and it was made an opinion regarding it, the Group policy was assessed regarding the provision of non-audit services, the Internal Audit activity and the conclusion on the respective work of the NOS Group companies was monitored, the suitability of the activity and independence of the Internal Audit was evaluated, also being made the monitoring of the Risk Management model applied to NOS Group, the suitability of the accounting policies adopted by the Group was analysed, and it was presented the budget review suppositions and forecast. Minutes of the meetings were drawn-up.

The attendance degree of the members of the Statutory Independent Audit Board in the meetings was 97%.

36. Availability of the members of the Statutory Independent Audit Board with details of any positions held at the same time in other companies within and outside the Group

Members of the Statutory Independent Audit Board have a high degree of availability for the performance of their respective duties.

The offices held by the members of the Statutory Independent Audit Board in other companies are in the Annex to this Report.

c) Powers and duties

37. Description of the procedures and criteria applicable to the supervisory body intervention for the purposes of hiring additional services from the external auditor

In order to ensure the independence of the External Auditor, the Statutory Independent Audit Board, according to its Regulations, has the following powers and duties with regard to the external audit:

- Selects the statutory auditors or statutory auditing firm to be proposed to the General Meeting, with a justified recommendation on its preference for one of them;
- It is the main counterpart of the External Auditor and the first recipient of the relevant reports, and is responsible, inter alia, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the Company;

- It evaluates the External Auditor on an annual basis and proposes to the relevant governing body its dismissal or termination of the contract of services where there is a valid basis for said dismissal.

In addition, the Statutory Independent Audit Board approved regulations for the provision of services by the External Auditors ("Regulations for the Provision of Services"), which defines the rules applicable to services other than audit services ("Non-Audit Services") or related to audit ("Audit-Related Services") provided by the External Auditor to NOS and subsidiaries, included on the appropriate scope of consolidation, specifying the different audit services that cannot be carried out by the Statutory Auditor and the procedures to assure its independence. These Regulations for the Provision of Services shall apply to services provided by the External Auditor and related companies, with its latest version, approved on 24 February 2022, being available at

https://www.nos.pt/institucional/PT/investidores/governo-de-sociedade/Documents/Regulamento%20Prestação%20Serviços%20ROC_ENGVF.pdf.

Under the mentioned Regulations for the Provision of Services, hiring non-audit or audit-related services should be deemed as exceptions or complements, respectively, and in accordance with the rules laid down in those Regulations.

The annual fees for non-audit services cannot exceed the amount corresponding to 70% of the average of the statutory audit fees of the last 3 financial years, provided to the Company and its subsidiaries, included in the consolidation perimeter using the full consolidation method.

The provision of non-audit services by the Statutory Auditor/Statutory Auditing Firm requires the prior approval and authorisation of the Statutory Independent Audit Board, which adequately assesses the threats to independence arising from the provision of these services and the safeguarding measures applied in accordance with article 73 of Law no. 140/2015 of 7 September.

For this purpose, the Statutory Independent Audit Board should receive a proposal regarding the provision of services to be submitted for approval and authorisation, as well as any additional information that may be deemed relevant, which shall comply with the following requirements:

a) Be clear about the services to be rendered and the fees that will be charged for them;

b) Include a declaration of conformity with the independence principles defined in article 2 of the Regulations for the Provision of Services;

c) Include reasoning for the provision of the services;

d) Include the initial date for the provision of services and its respective fees.

As per the Regulations for the Provision of Services, if a member of the network of the Statutory Auditor/Statutory Auditing Firm who performs the statutory audit of the accounts of NOS or its subsidiaries, provides any prohibited non-audit services pursuant article 5(1) of Regulation (EU) no. 537/2014 of the European Parliament and of the Council of 16 April 2014, to an entity with offices in a third country that is controlled by NOS or its subsidiaries, the Statutory Auditor/Statutory Auditing Firm shall assess whether its independence is compromised by such service provision by the member of the network, in accordance with article 5(5) of the mentioned Regulation (EU) no. 537/2014.

38. Other duties of the supervisory body

Under the terms of the Company's Articles of Association and the relevant Regulations, and in addition to the above mentioned in item 34, it is to be noted that the Statutory Independent Audit Board:

- Evaluates the functioning of the risk management system, the internal control system and the internal audit system and supervises their efficiency, proposing any adjustments that may be deemed necessary, as well as receiving the corresponding reports, ensuring that the risks effectively incurred by the Company are consistent with those objectives established by the Board of Directors or the Executive Committee;
- Receives notification of irregularities and, with the support of the committees, commissions or other internal units or entities under their respective competences, promotes its record and processing, as well taking decisions within their competence in these issues, preparing a report annually on the activities performed under the Regulation on the Notification of Irregularities (Whistleblowing), the conclusions of which are informed to the Board of Directors;
- Issues a prior opinion on relevant business activities with shareholders of qualified holdings, or entities with whom they are in any relationship or other related parties;
- Gives its opinion on the Company's annual report and accounts, including its scope, preparation and disclosure, and also other financial information requiring the Statutory Independent Audit Board's involvement pursuant to the law;
- Informs the Board of Directors of the statutory audit results and explains the way it helped to assess the integrity of the preparation and disclosure of the financial information process, as well as the role which the Statutory Independent Audit Board played in such process; and
- Whenever it deems appropriate, makes a decision, in advance and in good time, and gives a prior opinion on any reports, documents or information of a financial nature that may be evaluated by the Board of Directors and is to be disclosed to the market, notably the preliminary announcements of the quarterly accounts, or to be submitted by the Company to any competent supervisory authority.

The Statutory Independent Audit Board also decides on strategic lines and risk policy established by the management body prior to its approval and also on work plans and the resources allocated to the internal control services, annually evaluating the compliance with the Company's strategic plan and the budget and the risk management. The Statutory Independent Audit Board has mechanisms implemented that allow, periodically, monitoring and control (i) of the risk management model, (ii) of the liquidity and interest rate risk, (iii) of the current management of treasury operations and the accounting policies adopted by the Group, (iv) of the current main judicial and fiscal disputes and their possible accounting impact on the accounts, and (v) of the procedures of fraud and corruption management.

The Statutory Independent Audit Board also promotes periodic meetings with the Statutory Auditor for the purposes of monitoring the latter's work.

IV. Statutory Auditor

39. Details of the statutory auditing firm and the partner that represents said auditor

Pursuant to the Company's Articles of Association, the Statutory Auditor or Statutory Auditing Firm, effective and alternate, is elected by the General Meeting acting on a proposal from the Statutory Independent Audit Board.

On 31 December 2022, this governing body had the following composition:

Effective	ERNST & YOUNG AUDIT & ASSOCIADOS, SROC, S.A., (OROC No. 178), represented by Sandra e Sousa Amorim (ROC No.1213)
Alternate	Pedro Jorge Pinto Monteira da Silva e Paiva (ROC No. 1258)

40. State the number of years that the statutory auditor consecutively carries out duties with the company and/or group

The Effective Statutory Auditor was elected for the first time on the 23 April 2014 General Meeting, and the Alternate at the General Meeting of 8 May 2019.

41. Other services provided to the Company

The description of other services provided by the Statutory Auditor to the Company is in items 46 and 47 of this Report.

V. External auditor

42. Details of the external auditor and the partner that represents said auditor

On 31 December 2022, they were performing the audit functions provided in article 8 of the Portuguese Securities Code:

Effective	ERNST & YOUNG AUDIT & ASSOCIADOS, SROC, S.A., (OROC No. 178), represented by Sandra e Sousa Amorim (ROC No.1213)
Alternate	Pedro Jorge Pinto Monteira da Silva e Paiva (ROC No. 1258)

43. State the number of years that the external auditor and respective partner that represents said auditor in carrying out these duties consecutively carries out duties with the company and/or group

Ernst & Young Audit & Associados, SROC, S.A. began their functions to the Company in March 2014, having consecutively served for approximately 9 years.

The effective statutory auditor, Sandra e Sousa Amorim, and the alternate, Pedro Paiva, serve for 5 and 3 years, respectively.

44. Rotation policy and schedule of the external auditor and the respective partner that represents said auditor in carrying out such duties

Neither the Articles of Association nor the internal regulations set out the periodic rotation of the External Auditor. However, the rules provided for in the Statutory Audit Bar Statute (EOROC) are applicable to the Statutory Auditor (including the respective partner), i.e., the maximum period of performance of duties by the partner of the statutory auditing firm that acts as the external auditor is 7 years and the maximum period of performance of duties by the statutory auditing company is 10 years.

45. Details of the body responsible for assessing the external auditor and the regular intervals when said assessment is carried out

The Statutory Independent Audit Board has the duty to evaluate the External Auditor on an annual basis and to propose to the relevant governing body its dismissal or termination of the contract of services where there is a valid basis for said dismissal.

To that effect, the Statutory Independent Audit Board annually fills out an assessment questionnaire regarding the External Auditor, which addresses issues such as independence, internal control, meeting periodicity, and financial reporting. In addition, and to assist in the assessment, the Chief Financial Officer (CFO) in coordination with the Financial and Assurance Services and the External Auditor itself also fill out questionnaires.

46. Services, other than auditing, carried out by the external auditor for the company and/or companies in a control relationship and an indication of the internal procedures for approving the contracting of such services and a statement on the reasons for said contracting

In 2022, the following non-audit services were hired by NOS or its subsidiaries:

a) Review of financial statements with a limited level of assurance, which includes, inter alia, limited reviews of quarterly, half-yearly or other period accounts;

b) Comfort letters and other reports of agreed procedures, within the scope of prospects and other procedures related to securities;

c) Audit to the Social Responsibility and Sustainability Reports;

d) Other certifications not required by law or by the Company's Articles of Association.

The provision of such services does not constitute a threat to the independence of the External Auditor nor does it fall within the prohibited services provided for in article 5(1) of Regulation (EU) no. 537/2014 of the European Parliament and of the Council of 16 April 2014 and, given the nature of the services concerned, there are efficiency gains which justify its provision by the External Auditor.

47. Details of the annual remuneration paid by the company and/or legal persons in a control or group relationship to the auditor and other natural or legal persons pertaining to the same network and the percentage breakdown relating to the following services

In 2022, NOS Group (the Company and companies controlled by or in a group relationship with the Company) paid, as fees to NOS Statutory Auditor and External Auditor (Ernst & Young, S.A. (E&Y), and to its group of companies), the following amounts:

By the Company*	**72 967**	**%**
Amount of the accounting services (€)	61 067	84%
Amount of the reliability assurance services (€)	11 900	16%
By entities that are included in the group*	**193 602**	**%**
Amount of the accounting services (€)	188 802	98%
Amount of the reliability assurance services (€)	4 800	2%
Total	**266 569**	**%**
Amount of the accounting services (€)	249 869	94%
Amount of the reliability assurance services (€)	16 700	6%

* Including individual and consolidated statements

During 2022, the non-audit services represented -2% of the average of the statutory audit fees of the last 3 financial years. The Statutory Independent Audit Board receives and reviews the information on the fees and services provided by the External Auditor on a quarterly basis.

C. Internal organisation

I. Articles of association

48. The rules governing amendment to the articles of association

Amendments to the Articles of Association, including those concerning share capital increases, always depend on shareholder's resolutions, in which must be present or represented, in case of first call, at least 50% of the shareholders.

Such resolutions are taken by the majority provided for by law, which consists of two thirds of the votes cast, except on a second call if the shareholders holding at least half of the share capital are present or represented, in which case these resolutions can be taken by a majority of the votes cast.

II. Notification of irregularities

49. Notification means and policy of irregularities

NOS has mechanisms for detecting and preventing irregularities seen in the following policies:

- The Code of Ethics https://www.nos.pt/institucional/PT/investidores/governo-de-sociedade/Documents/Codigo_de_Etica_Geral_EN_EXTERNA.pdf;
- The Code of Conduct on Prevention of Corruption and Related Offences https://www.nos.pt/institucional/EN/investors/corporate-governance/Documents/Codigo%20de%20Conduta%20de%20Prevencao%20de%20Corrupccao%20e%20Infracoes%20Conexas_EN.pdf;
- The Regulation on the Notification of Irregularities (Whistleblowing) https://www.nos.pt/institucional/EN/investors/corporate-governance/Documents/Regulamento%20Comunicacao%20de%20Irregularidades_fev2022_EN.pdf;
- The Plan for the Prevention of Risks of Corruption and Related Offences

https://www.nos.pt/institucional/EN/investors/corporate-governance/Documents/NOS_Plan-for-the-Prevention-of-Corruption_pub.pdf;

- The internal control and risk management at NOS, described in further detail in items 50 and following of this Report.

The mentioned Codes and Regulation are applicable to all members of the governing bodies and employees of NOS Group (Employees), as well as all to those who represent NOS (Partners), with the necessary adaptations, and to any person or entity providing services, temporarily or permanently, to the NOS Group (Suppliers).

Any clarification related with the Codes or Regulation mentioned above can be sent, in writing, via email to duvidas.etica@nos.pt (the information exchanged under this scope shall be treated as confidential).

Any evidence of irregularities should be reported in writing, marked as "confidential", via letter to the postal address created exclusively for this purpose – Apartado 4035, Loja CTT Senhora da Hora, 4461-901, Senhora da Hora, or via email to comunicar.irregularidades@nos.pt, the chosen reporting method being at its author's discretion. Any communication of Irregularities shall be treated as confidential, unless the author expressly and unequivocally requests otherwise. In any case, no reprisal or retaliation will be tolerated against those who, in good faith and on serious grounds, make the mentioned communications.

Communications are received, recorded, and processed by the independent Internal Audit and later forwarded to the Statutory Independent Audit Board or Ethics Committee, in accordance with the nature of the situation. All situations related with corruption or related offences are sent to the Statutory Independent Audit Board, an independent supervisory body. All other irregularities (such as, improper behaviour situations or conflicts of interest) are sent to the Ethics Committee, which include an independent member in its composition. Where it is necessary, external auditors or other experts can be hired to assist in the investigation, when the specific nature of the matters in question so justifies it.

III. Internal control and risk management

50. Individuals, bodies or committees responsible for the internal audit and/or implementation of the internal control systems

The internal control and risk management system at NOS consists of various key parties with the following responsibilities and goals:

BODY / COMMITTEE / AREA	RESPONSIBILITIES
Board of Directors	– Define and approve the strategy and main policies of NOS, including the Risk Management Policy – Decide on the matters which are to be deemed as strategic in view of their amount, risk or special characteristics – Supervise the internal control and risk management system within NOS, and delegate its creation and operation to the Executive Committee
Executive Committee	– Create and ensure the functioning of the NOS internal control and risk management system, using the powers delegated by the Board of Directors – Discuss and approve the risk assumption objectives, including risk acceptance levels, approve the NOS strategic plans and risk management policies in order to ensure that the risks effectively incurred are consistent with those objectives, and respect the strategies and policies established by the Board of Directors – Make proposals to the Board of Directors on matters pertaining to NOS internal control and risk management which are considered strategic
Areas	– Implement the internal controls and risk management specific to each department of the NOS business units, as part of their responsibility in the corporate or functional processes – Form specific risk management teams, such as risk committees or working teams, necessary for the development of certain risk management programmes. These may include an Executive Committee officer, a Steering Committee of Directors and various Pivots/Champions representing the business units
Risk and Compliance	– Promote awareness, measurement and management of business risks that interfere with the achievement of objectives and the creation of value for NOS – Contribute with tools, methodologies, support and *know-how* for the different areas – Promote and monitor the implementation of programmes, projects and actions designed to bring risk levels closer to the acceptable limits established by the Company's management
Internal Audit	– Assess risk exposure and check the effectiveness of risk management, of the internal controls on business processes, and information and telecommunications systems, including risks related with ethics and prevention of corruption – Propose measures to improve internal controls, to achieve more effective management of business and technological risks – Monitor changes in risk exposure associated with the main findings and nonconformities identified in the audits and report to the Statutory Independent Audit Board regarding these matters – Analyse and investigate indications of irregularities, sent through the established complaints channels or whenever requested, within the respective competence of these bodies, by the Statutory Independent Audit Board or by the Ethics Committee – Assist the NOS Compliance Officer during the exercise of its duties as the one responsible for the adoption and implementation of the Code of Conduct on Prevention of Corruption and Related Offences and the compliance programs arising therein
External Audit (Statutory Auditor)	– Check the effectiveness and functioning of internal control mechanisms and report the weaknesses identified to the Statutory Independent Audit Board – Audit the Company's accounts, issue the corresponding legal certification for the accounts and an audit report, as part of its public interest functions
Statutory Independent Audit Board (Independent Supervisory Body)	– Evaluate the functioning of the internal control and risk management systems and the internal audit system as the independent supervisory body with legal and statutory responsibility for these matters – Give an opinion on the work plan and the resources allocated to the Internal Audit services – Serve as the main spokesperson for the External Audit, be the first recipient of their reports, and be responsible for proposing remuneration and ensuring that suitable conditions exist within NOS for the performance of these External Audit services – Annually assess the External Audit and propose their dismissal or the termination of their service provision agreement to the competent body, whenever justified grounds exist for this purpose – Prior to its final approval by the Board of Directors, pronounce itself on the strategic lines and the Risk Management Policy – Assess the degree of internal compliance and the performance of the risk management system, in particular as the recipient of: (i) the reports on the External Audit's assessment of the internal control system and (ii) the annual report on the Internal Control Manual prepared by NOS – Receive, record and process the communications of Irregularities and decide within their competence on these matters, supported by the Internal Audit, as well as with the support of the committees, commissions or other NOS internal or external units or entities within their competence – Assess and give an opinion as an independent supervisory body on themes of ethics and prevention of corruption
Audit and Finance Committee	– As a specialised committee, advise the Board of Directors on certain matters, including those relating to the functions of the External Audit, Internal Audit, and Risk and Compliance, thereby reinforcing, in a complementary manner, the monitoring of these matters which is carried out by the Statutory Independent Audit Board

51. Organisational structure, of hierarchical and/or functional dependency in relation to other bodies or committees of the company

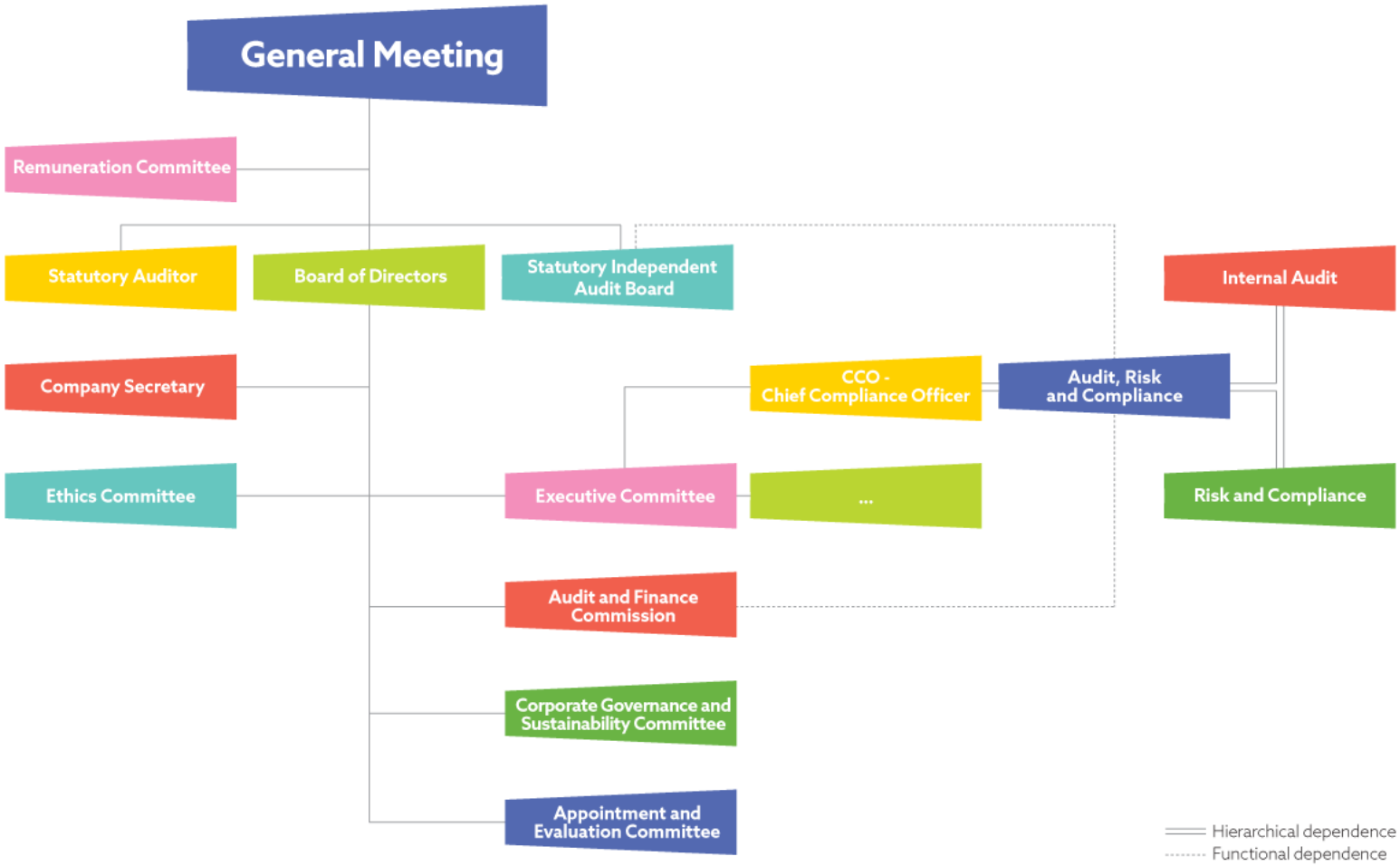
The hierarchical and functional relationships are as follows:

- The Internal Audit and the Risk and Compliance report hierarchically to the NOS Executive Committee, specifically to the CCO (Chief Compliance Officer).
- The Internal Audit and Risk and Compliance (this in the Internal Control area) functionally report to the NOS Statutory Independent Audit Board, which, as an independent supervisory body with legal and statutory responsibility for assessing the functioning of the internal control and risk management systems and the internal audit system, shall receive the corresponding reports and must give an opinion on the work plan and resources allocated to the Internal Audit services, proposing the necessary adjustments. The supervisory body shall evaluate the degree of internal compliance and the performance of the risk management system, in particular by receiving the reports on the External Audit assessment of the internal control system. In addition, the supervisory body should also receive the annual report on the Internal Control Manual (including indicators on effectiveness, coverage, etc.), as well as other reports that may be deemed relevant, made by the Internal Audit or the Risk and Compliance, in matters such as accounting, identification or settlement of conflicts of interest and detection of possible irregularities. From the assessments and reports previously mentioned, the Audit, Risk and Compliance functions or other organisation areas, as applicable, may need to adjust the internal control and risk management systems to be implemented by the management bodies or other bodies. The Internal Audit also supports the Statutory Independent Audit Board in the reception, recording and processing of communication of Irregularities received by NOS, in line with the provisions in the Regulation on the Notification of Irregularities (Whistleblowing).
- The Internal Audit and the Risk and Compliance (this in the Internal Control area) also report functionally to the NOS Audit and Finance Committee, as the specialised committee that advises the Board of Directors on certain matters, including those concerning the Audit and Risk and Compliance functions, thus reinforcing, complementarily, the supervision of these matters already carried out by the Statutory Independent Audit Board.
- The Internal Audit supports the NOS Ethics Committee, in its capacity as the committee responsible for overseeing and maintaining the Code of Ethics, for monitoring its implementation and for ensuring that all Employees comply with it.
- The Risk and Compliance should coordinate the NOS Security & Privacy Team, as the core team responsible for coordinating security, privacy and continuity programmes.

With regards to the internal control and risk management system monitoring at NOS, it is also important to highlight the way in which the **Board of Directors** intervenes in the establishment of risk assumption objectives and its fulfilment as a management body:

- The Board of Directors discusses and approves the Risk Management Policy proposed by the Executive Committee. Prior to its final approval by the Board of Directors the Statutory Independent Audit Board assesses and pronounces itself on this policy.
- The Board of Directors discusses and approves the Company's strategic plans proposed by the Executive Committee and these plans do not exceed the risk assumption limits.
- The Executive Committee ensures the functioning of the organisation's internal control and risk management system, using the powers delegated by the Board of Directors.
- In any case, the responsibility to decide on matters which should be regarded as strategic by virtue of their value, risk or particular characteristics is still of the Board of Directors (not delegated in the Executive Committee).
- The Board of Directors receives the relevant reports arising from the Risk Assessments from the Executive Committee, this being a periodic control mechanism to ensure that the risks effectively incurred by the Company are consistent with those objectives established by the Board of Directors as a management body.

The remaining responsibilities in the creation, functioning and periodic assessment of the internal control and risk management system are set out in the Regulations of the respective Company's bodies or committees.


General Meeting
Remuneration Committee
Statutory Auditor
Board of Directors
Statutory Independent Audit Board
Company Secretary
Ethics Committee
Executive Committee
CCO - Chief Compliance Officer
...
Audit, Risk and Compliance
Internal Audit
Risk and Compliance
Audit and Finance Commission
Corporate Governance and Sustainability Committee
Appointment and Evaluation Committee
Hierarchical dependence
Functional dependence

52. Other functional areas responsible for risk control

In addition to the areas referred to in the preceding sections, the Company has other functional areas with competence in internal control and risk management that make a decisive contribution to maintaining and improving the control environment. Particularly notable in this context are the following business areas and processes:

- The areas of **Planning and Control**, in coordination with the corresponding pivots in the areas of business, are responsible for monitoring the implementation of annual Action and Resource Plans (as part of NOS strategic plans) and the correspondent budgets and forecasts, in the financial and operational components;
- The **Financial and Assurance Services** areas have a central responsibility in managing the risks relating to financial information, as described elsewhere in this Report;
- The **Legal and Regulatory** areas must keep abreast of changes in the applicable legal and regulatory framework and the corresponding risks, given the threats and opportunities they represent for the NOS competitive position;
- The **Risk Assurance** (usage control, subscription fraud, consumption, content, etc.), **Network and Service Supervision** (network and service availability, interruption incident management, etc.), and **Cybersecurity** teams (monitoring of threats to cyber vulnerability, cyber incident management, etc.) monitor specific risks of the NOS activity;
- The **technological areas**, including **Networks** and **Information Systems**, shall have indicators and alerts for service disruption and security incidents at the operational level;
- The **various areas of business and individual employees** are required to comply with the procedures set out in the **Internal Control Manual**, ensuring that all acts or transactions engaged in are appropriate and properly evidenced;
- The various **business areas** must have **internal controls** that ensure not only the commitment of the areas to the risk management and internal control environment, but also permanent monitoring of the effectiveness and adequacy of these controls, as well as processes and **indicators to monitor operations and Key Performance Indicators**.

53. Details and description of the major economic, financial and legal risks to which the company is exposed in pursuing its business activity

The Company is exposed to economic, financial and legal risks arising from its business activities.

In section **"4.2.2. Risk Management"** of the Integrated Management Report, the main types of risks to which NOS is exposed when pursuing its business activity are detailed and described.

The selection process of **relevant risks of 2022** can be found in the mentioned section, including the **details, description and evaluation** of the risks, and also their main response **strategies and actions** to risks.

54. Description of the procedure for identification, assessment, monitoring, control and risk management

NOS has a **Risk Management Policy** that defines the methodologies, the entities involved and their responsibilities (available at https://www.nos.pt/institucional/EN/investors/corporate-governance/Documents/NOS%20%20Politica%20de%20Gestão%20de%20Risco_dez_2019_ENG.pdf, particularly here sections "3.1.1. Risk management methodologies" and following.

The methodologies adopted for risk management and internal control take into account the references provided by the bodies responsible for promoting control mechanisms in the markets, including the aforementioned principles and recommendations of the **IPCG's Corporate Governance Code**. The methodologies also consider the applicable **legal and regulatory requirements**. In addition, for internal control aspects relating to ICT (Information and Communication Technologies) frameworks such as **COBIT** (Control Objectives for Information and related Technology) are considered.

The risk management and internal control processes at NOS shall be supported by a consistent and systematic methodology, based on international reference standards such as the **Enterprise Risk Management - Integrated Framework**, issued by COSO (Committee of Sponsoring Organisations of the Treadway Commission).

Taking into consideration these reference methodologies, the management and control of risks are achieved using the **main approaches and methods** presented below:

CORPORATE RISK MANAGEMENT

ENTERPRISE RISK MANAGEMENT (ERM)

Approach: This aims at aligning the risk management cycle with the NOS strategic planning cycle. It allows NOS businesses to prioritise and identify critical risks that may compromise their performance and objectives and take action to manage those risks. The approach provides for periodic risk monitoring and implementation of certain corrective actions.

Method: **1.** Identify and evaluate risks that impact the business >> **2.** Explore risks and their causes >> **3.** Measure risks using indicators >> **4.** Manage risk through actions >> **5.** Monitor risks

CONTINUOUS MONITORING OF RISKS AND CONTROLS

CONTINUOUS MONITORING (CM)

Approach: This allows the continuous review of business processes, ensuring in a preventive, proactive and dynamic way the maintenance of an acceptable level of risk and control. The Internal Control Manual systematises and references the controls, facilitating their dissemination and promoting their compliance by the various stakeholders of NOS.

Method: **1.** Define processes, business cycles and data structure >> **2.** Establish control design >> **3.** Implement, disseminate and ensure the effectiveness of controls >> **4.** Analyse and report status metrics of control implementation >> **5.** Monitor action plans and update controls.

The approach adopted by NOS for Enterprise Risk Management (ERM) is to incorporate risk management into NOS strategic planning activities. During the preparation of annual Action and Resources Plans, as part of the Strategic Plans, the business areas consider risks that may compromise their performance and objectives and define actions to manage those risks, within the levels of acceptance intended and established by the Executive Committee. The plans are discussed and approved by the Executive Committee.

The risk assessment exercises are approved by the Executive Committee and are subjected to a final approval by the Board of Directors, being monitored by the Statutory Independent Audit Board and by the Audit and Finance Committee, so they can assess and pronounce themselves prior to its final approval, within the scope of their respective powers in the supervision of the internal control and risk management system of the organisation.

Following the mentioned risk assessment exercises, the Audit, Risk and Compliance functions or other organisation areas, as applicable, may need to adjust the internal control and risk management systems to be implemented by the management bodies or other bodies.

55. Core details on the internal control and risk management systems implemented in the Company regarding the procedure for reporting financial information

NOS is potentially exposed to **risks related to accounting and financial reporting processes**. The Company ensures the quality and improvement of the most relevant processes for preparing and disclosing financial statements, in accordance with the accounting principles adopted and bearing in mind the objectives of transparency, consistency, simplicity, and materiality. In this context, the Company's attitude to financial risk management has been conservative and prudent.

The main elements of the risk management and internal control systems related to financial information are described in section "3.1.4. Risk Management and Financial Information Controls" of the **NOS Risk Management Policy**.

The **functional responsibilities** for financial statements at the corporate level of NOS and in the Group are distributed as follows:

- The **Entity Level Controls** are defined in corporate terms, are applicable to all the Group companies, and aim at establishing internal control guidelines for NOS subsidiaries;
- **Process Level Controls** and **IS/IT Controls** are defined in corporate terms and applied to NOS subsidiaries, adapted to their specific characteristics, organisation and responsibility for processes.
- Given this breakdown, controls relating to the collection of the information that serves as a basis for the preparation of the financial statements are generally located in the **departments of each of the subsidiaries**; controls related to the processing, registration and accounting archive of this information are located, at corporate level, in the **Financial and Assurance Services Department**.

The internal control and risk management system associated with financial statements includes several **key controls**, in which it is included the following:

- The process of disclosure of financial information is institutionalised, the criteria for preparation and disclosure have been duly approved, are fully established and periodically reviewed;
- The use of accounting principles, explained in the Annexes to the Financial Statements notably on the section regarding "Accountancy Policies", is one of the key pillars of the control system;

- The controls are aggregated by the business cycles that give rise to the financial statements, and by the corresponding classes and subclasses of transactions.

The **Financial and Assurance Services Department** must, for the most significant situations, prepare a set of documents on the policies and procedures implemented and how they relate to the **IFRS** (**International Financial Reporting Standards**), as well as addressing potential sources of risk that may materially affect accounting and financial reporting.

Among these **potential sources of risk**, we would like to highlight the following:

- Accounting estimates – The most significant accounting estimates are described in the Annexes to the Financial Statements. The estimates were based on the best information available during the preparation of the financial statements and on the best understanding and best experience of past and/or present events;
- Balances and transactions with related parties – The most significant balances and transactions with related parties are disclosed in the Annexes to the financial statements. For certain transactions with related parties there are value thresholds (disclosed in this Report) above which the prior opinion of the Statutory Independent Audit Board must be requested.

NOS adopts various **measures to help manage risks** and to maintain a robust internal control environment, including initiatives of the following type:

- Conformity tests – These include periodical control self-assessment of the internal control system and the consequent revision of the Internal Control Manual, ensuring that it is always up to date. Corrective action is also included on control procedures considered to be non-compliant as a result of the compliance assessment work carried out by the Internal Audit and External Audit;
- Review and improvement of design of controls – These include the review of the procedures of control and the strengthening of business cycles and financial flows with levels of relevant materiality, to improve the control environment and the control and perception of current risks (operational and financial). This reinforcement includes the creation of an aggregating vision of the life cycles of the assets or the associated financial flows, as well as the respective processes and systems that support them.

In addition to the financial risks referred to in the section on the main types of risks with an impact on the business, the Company is potentially exposed to other financial risks that may have an impact on the financial statements, such as credit risk (related to balances receivable), liquidity risk (related to sufficient assets to cover liabilities), market risk (related to exchange rate and interest rate variations) and capital risk (related to financial loans and the remuneration of shareholders).

In the Annexes to the Financial Statements, namely in the "Risk Management" section, more specific information can be found on financial risk management policies, as well as on how risks associated with the financial statements are managed and controlled.

IV. Investor relations

56. Department responsible for investor assistance

The Investor Relations & Sustainability Department aims at ensuring the proper relationships with shareholders, investors and analysts, under the principle of equal treatment, as well as with the financial markets in general and, in particular, with Euronext Lisbon and with CMVM.

The Investor Relations & Sustainability Department, delegated by the Executive Committee, is also in charge with the responsibility of implementing the NOS Sustainability Strategy, ensuring the respective daily management and coordination with the various Departments and business areas.

Sustainability has a strategic importance for NOS, which seeks to highlight itself as a reference for good practices among national and international peers. The Investor Relations and Sustainability Department seeks to actively contribute to the communication and strengthening of the sustainability performance by NOS in the capital market, not only to ensure access to sustainable financing and investment models, but also to leverage the ESG (Environmental, Social and Governance) independent evaluation and public recognition, reinforcing NOS reputation before all of the stakeholders.

This Department is responsible for:

a) each year, publishing the integrated management report and accounts, also publishing annual, half-yearly, and quarterly privileged information and shareholders and remaining stakeholders can access this information, both in Portuguese and English, on the Company's website (www.nos.pt/ir);

b) providing regular press releases, presentations, and announcements on the quarterly, half-yearly and annual results, as well as on any relevant facts that occur;

c) providing full explanations to the financial community in general – shareholders, investors (institutional and private) and analysts –, also assisting and supporting shareholders in the exercise of their rights;

d) organising regular meetings between the executive management team and the Department itself with the financial community through attendance at specialised conferences and by holding roadshows both in Portugal and in the main international financial markets and frequently meeting with investors who are visiting Portugal;

e) coordinating the establishment, implementation and management of the sustainability strategy with the various Departments and business areas;

f) monitoring the implementation of the sustainability strategy in cooperation with the owners of the different initiatives through an ESG Scorecard, with KPIs associated with the performance and milestones achieved. This tool allows the regular registration and communication of the strategy implementation with the Executive Committee and the Board of Directors of NOS;

g) quarterly, promoting the Sustainability Forum, with the main goal of promoting information and experience exchange of the initiatives associated with the implementation of the sustainability strategy. The Forum has members of the Executive Committee and Directors and/or representatives of the areas with the most impact on the ESG strategy and performance;

h) collecting information and supporting the Corporate Governance and Sustainability Committee in its functions of supervising business activities in matters of corporate governance, rules of conduct, and environmental and social sustainability.

In 2022, the main capital market events in which the Investor Relations and Sustainability Department participated were:

DATE	EVENT
2 Feb.	Santander Iberian Conference
24 Mar	Citigroup Communications Conference
7 Apr	Roadshow
7 Sep	CaixaBank Iberian Conference
9 Sep	Goldman Sachs Communacopia
9 Nov	JBCM Iberian Conference
16 Nov	Morgan Stanley TMT Conference
6 Dec	ESN Conference

Information requests can be sent to the Investor Relations and Sustainability Department, through the following contacts:

Rua Actor António Silva, n.º 9
1600 - 404 Lisbon (Portugal)
Tel. +(351) 21 782 47 25
Fax: +(351) 21 782 47 35
Email: ir@nos.pt

57. Market relations representative

NOS representative for market relations is Maria João Carrapato, Investor Relations and Sustainability Director.

58. Data on the extent and deadline for replying to the requests for information received throughout the year or pending from preceding years

NOS has a record of all enquiries and their processing, all of which have been immediately or dealt with within the maximum period of 24 business hours.

It is to be noted that, as of 31 December 2022, there were no enquiries unanswered.

V. Website

59. Address

NOS offers all legal, financial, and governance information on its website www.nos.pt.

60. Place where information referred to in article 171 of the Portuguese Companies Code is available

Information related to article 171 of the CSC can be found in the "Legal Identification" tab of NOS website https://www.nos.pt/institucional/EN/investors/corporate-governance/Pages/default.aspx.

61. Place where the articles of association and regulations on the functioning of the bodies and/or committees are available

- Articles of Association of the Company
- https://www.nos.pt/institucional/EN/investors/corporate-governance/Documents/Estatutos_NOS%20SGPS_ENG_abril_2022_.pdf.
- Regulations of the Board of Directors
- https://www.nos.pt/institucional/EN/investors/corporate-governance/Documents/Regulamento%20CA_maio2022_EN.pdf
- Regulations of the Statutory Independent Audit Board
- https://www.nos.pt/institucional/EN/investors/corporate-governance/Documents/Regulamento%20CF_fev_2022_EN.pdf
- Composition, Operation, and Delegation of Powers of the Executive Committee
- https://www.nos.pt/institucional/EN/investors/corporate-governance/Documents/Deleg_CE_2022_EN.pdf
- Regulations of the Corporate Governance and Sustainability Committee
- https://www.nos.pt/institucional/EN/investors/corporate-governance/Documents/Regulamento%20CGS_S_maio2022_EN.pdf
- Regulations of the Audit and Finance Committee
- https://www.nos.pt/institucional/EN/investors/corporate-governance/Documents/Regulamento%20CAF_maio2022_EN.pdf
- Ethics Committee Regulations
- https://www.nos.pt/institucional/PT/investidores/governo-de-sociedade/Documents/Regulamento%20CdE_fev2022_EN.pdf
- Regulations on Transactions with Related Parties https://www.nos.pt/institucional/EN/investors/corporate-governance/Documents/Regulamento%20Transacoes%20com%20Partes%20Relacionadas%202022_EN.pdf
- Remuneration Committee Regulation https://www.nos.pt/institucional/EN/investors/corporate-governance/Documents/Regulamento_Comissao_de%20Vencimentos_20230306_EN.pdf

62. Place where information is available on the names of the governing bodies' members, the market relations representative, the investor assistance office or comparable structure, respective functions and contact details

The identity of the members of the NOS governing bodies are in the "Board of Directors", "Executive Committee", "Remuneration Committee", "Board of the General Meeting", "Statutory Independent Audit Board", and "Statutory Auditor" tabs at the website

https://www.nos.pt/institucional/EN/investors/corporate-governance/Pages/default.aspx

The market relations representative, as well as the investor assistance office contacts or comparable structure, functions and contact details are available at

https://www.nos.pt/institucional/EN/investors/contacts/Pages/contacts.aspx

63. Place where the documents are available and relate to financial statements reporting, which should be accessible for at least 5 years and the half-yearly calendar on corporate events that is published at the beginning of every six months, including, inter alia, general meetings, disclosure of annual, half-yearly and where applicable, quarterly financial statements

The financial statements, as well as the calendar of corporate events, can be found at NOS website

https://www.nos.pt/institucional/EN/investors/nos-in-numbers/Pages/results.aspx

https://www.nos.pt/institucional/EN/investors/investors-calendar/Pages/default.aspx

64. Place where the notice convening the general meeting and all the preparatory and subsequent information related thereto is disclosed

The notice convening the General Meeting and all the preparatory and subsequent information related thereto is disclosed at the website https://www.nos.pt/institucional/EN/general-meeting/notices/Pages/General-Meeting-2022.aspx

65. Place where the historical archive on the resolutions passed at the company's general meetings, share capital and voting results relating to the preceding 3 years are available

The historical archive on the resolutions passed at the Company's general meetings, share capital and voting results are available at NOS website

https://www.nos.pt/institucional/EN/general-meeting/notices/Pages/archive.aspx

D. Remuneration

I. The power to establish

66. Respective details

The Remuneration Committee has the power to, namely, set the remuneration of the members of the Board of the General Meeting, of the Board of Directors (including the Executive Committee), and of the Statutory Independent Audit Board, with the members of these two latter bodies corresponding to managers ('dirigentes') of NOS.

II. Remuneration Committee

67. Composition of the Remuneration Committee

The Remuneration Committee is composed by 2 members, independent from the Company's management and appointed in the General Meeting.

This Committee monitors and assesses, on an ongoing basis and with the support of the Appointments and Assessments Committee, the performance of the directors, measuring if the objectives were achieved, and meets whenever necessary.

On 31 December 2022, the Remuneration Committee had the following composition:

Chairman	José Fernando Oliveira de Almeida Côrte-Real
Member	Mário Filipe Moreira Leite da Silva

In 2022, the Committee met 3 times, having decided on the achievement of KPIs by the Company in 2021 and on the definition of KPIs and respective objective values for 2022, regarding the variable

remuneration policy applicable to executive members of the Board of Directors, as well as remuneration matters of the members of the management and supervisory bodies for the 2022-2024 term of office. From these meetings, the respective minutes were drawn up.

During 2022, the Remuneration Committee did not hire any advisory services to help comply with their mission, without prejudice to doing so, freely, whenever it deems necessary or convenient to carry out its duties, since the Company provides to the members of the Remuneration Committee permanent access, at the Company's expense, to external advisors specialised in various areas, whenever the Committee needs it. Those external advisors shall be chosen by the Remuneration Committee, which ensures such services are provided independently by advisors who do not provide other services to the Company or to other Group companies.

68. Knowledge and experience by members

The members of the Remuneration Committee hold a vast and recognised management experience, namely in listed companies, having the necessary knowledge to handle and decide on all matters of their duties, including remuneration policy.

The functions performed by the members, as well as their academic and professional qualifications and professional activities, are in the Annex to this Report.

III. Remuneration structure

69. Description of the remuneration policy

In the NOS General Meeting on 21 April 2021, where the Remuneration Committee was present in order to provide information or clarifications to shareholders, the proposal made by the Remuneration Committee on the remuneration policy for NOS management and supervisory body members was approved by a majority of 97.20% of the votes of the shareholders present, which is available at

https://www.nos.pt/institucional/EN/general-meeting/Documents/Proposta_Ponto_4_ENG_2021.pdff.

NOS remuneration policy is based on the following principles:

a) Remuneration within governing bodies takes into consideration, amongst other factors, the professional profile of the individual member, the nature of the duties to be performed, competencies of the governing body and the individual, as well as performance, both on an individual and corporate level;

b) Remuneration within governing bodies shall appropriately take into account the Company's structure, size, financial position and the complexity of the challenges it faces;

c) Remuneration of the members of the governing bodies shall follow a model comprising a fixed component, applicable to the members of all governing bodies, and a variable component, applicable only to executive directors;

d) Remuneration within governing bodies, in particular that of executive directors, shall take into account the employment terms and remuneration of full-time (or equivalent) employees throughout the Company. This is to ensure that there is consistency and equity relating to remuneration, in terms of respective qualifications, responsibilities, experience and any specific risk associated with the function;

e) The balance of fixed and variable components of executive directors' remuneration shall be aligned with long-term corporate objectives of the Company;

f) The variable remuneration shall be capped, and include a component that rewards directors for both their individual performance and that of the Company. It will also include a long-term component that reinforces the bond between executive directors and the Company, by aligning their interests with those of the shareholders and emphasising the importance of their performance to the overall success of the Company;

g) Non provision of any type of instrument aimed at mitigating the risk inherent in the variability of the variable component of remuneration for the executive members of the Board of Directors;

h) Benchmarking against those applied by comparable companies in the global market, to guarantee alignment with market recommendations and best practices;

i) Clarity and transparency, namely through its publication on the Company's website.

Under the NOS remuneration policy:

i. The non-executive members of the Board of Directors, as they are not responsible for carrying out the defined strategies in a daily basis, only receive a fixed component of remuneration;

ii. The members of the Statutory Independent Audit Board only receive a fixed component of remuneration;

iii. The Statutory Auditor is remunerated under the terms established in the contract, in accordance with the law;

iv. The executive directors' total remuneration includes a fixed component, serving as the "base" remuneration, and a variable component (profit sharing and/or allocation of shares).

The profit sharing can be proposed to shareholders by the Board of Directors. After assessment of the total amount to be distributed, the amount to be received by each member will also depend on alignment with the results.

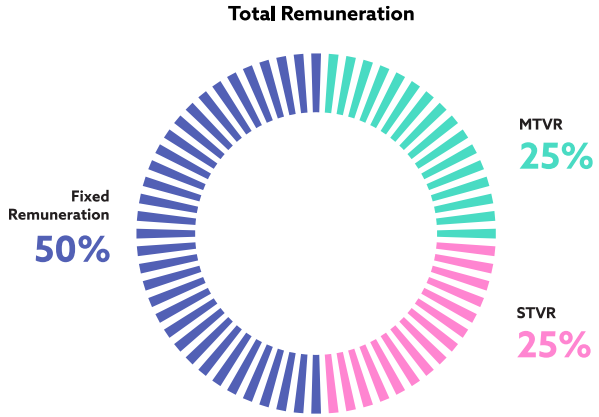
The Share Allocation Plan (NOS Plan), applicable to executive directors aims to (i) ensure the alignment of individual interests with company goals and NOS' shareholders' interests, awarding goal achievement, which foresees sustainable value creation, as well as (ii) the strengthening of loyalty mechanisms.

NOS remuneration policy does not provide any adjustment mechanisms (clawback or malus).

During 2022, the NOS remuneration policy in force was strictly complied with, without any deviation or exemption.

70. Remuneration structure and alignment of interests

In proportion, the annual remuneration of the executive directors in 2022 was the following:



Where "STVR" corresponds to short-term variable remuneration and "MTVR" corresponds to medium-term variable remuneration

Complying with the NOS remuneration policy principles, the total variable remuneration of the executive directors is calculated using an individual performance qualifier indicator, with a 30% weight, and the NOS performance, measured through (collective) business indicators – Key Performance Indicators (KPI) – previously established, with a 70% weight, which in 2022 corresponded to the following:

1. EBITDA;
2. Consolidated operational Free Cash Flow;
3. Consolidated business volume; and
4. Net Promoter Score (NPS).

The NOS remuneration policy structure is based on a model in which initiative and competence are considered essential foundations for good performance, and that it should be aligned with a sustainable strategy considering the medium- and long-term interests of the Company, and those of its stakeholders. It also discourages risk behaviours, to the extent that it is related with performance assessment.

Additionally, the implementation and execution of the Strategic Plan approved by the Board of Directors is integrated in the evaluation of the executive directors, including goals related with ESG, in its ethic, social, environmental, and governance aspects, strategic factors considered to be inseparable from the development of the organisation and the business.

71. Variable component and performance

The variable remuneration of the executive directors comprises:

1. **Profit Sharing or Short-Term Variable Bonus (STVR)**

This component is equivalent to 50% of the total variable bonus and is paid in cash in the 1st semester following the year to which it relates. After assessing the total amount of profits to be distributed (in line with the overall results of the Company), the Remuneration Committee, in coordination with the Appointments and Assessments Committee, defines the amount to be received by each member. The STVR aims to establish a link between the total amount of bonus awarded and performance, on an individual and a collective level.

This component may only be proposed for approval by the General Meeting if the Company's financial year results so permit it. Since the criteria for awarding variable remuneration are linked to the Company's performance, in this way compliance with those criteria can be ensured.

2. **NOS Plan or Medium-Term Variable Bonus (RVMP)**

This component is equivalent to 50% of the total variable bonus and is allocated in the 1st semester following the year to which it relates, after approval by the Remuneration Committee. The aim of this bonus is to ensure the alignment of individual interests with company goals and NOS' shareholder interests, awarding goal achievement, which foresees sustainable value creation.

The remuneration awarded in 2022 through the NOS Plan was deferred over a period of 3 years, making the transformation of rights awarded under the NOS Plan in 2022 conditional upon positive Company results, which requires compliance with the following additional condition:

The consolidated net situation in the year n+3, excluding any extraordinary movements occurred after the end of year n, and discounting an amount for each financial year correspondent to a pay-out of 40% on the net profit in the consolidated accounts of each year of the deferral period (irrespectively of the effective pay out), must be higher than the one calculated found at the end of financial year n. Extraordinary movements, in the period between year n and n+3, include capital increases, purchase or sale of own shares, extraordinary dividends, annual pay-out other than 40% of the consolidated profit of the respective business year or other movements that affect the net situation but do not arise from the Company's operating profits. The net position of the year n+3 should be determined based on the accounting rules used in year n, to ensure comparability.

The value of the variable components (including the NOS Plan), when the allocation is decided by the Remuneration Committee, has no minimum limit and is limited to a maximum amount of 120% with regard to the fixed remuneration.

There are no contracts with guaranteed minimums for the variable remuneration, regardless of the Company's performance, nor are there any contracts to mitigate the inherent risk of the variable remuneration.

72. Deferral of the payment of the variable remuneration

See item 71 above.

73. Allocation of variable remuneration on shares

See item 71 above.

There are no hedging or risk transfer contracts concerning a predefined amount of the total annual remuneration of the executive directors. Consequently, the risk underlying the corresponding variability of the remuneration is not mitigated.

74. Allocation of variable remuneration in options

No remunerations based in options are implemented for directors.

75. Annual bonuses and other non-financial benefits

In 2022, no non-financial benefits were given, with the exception of health insurance and life insurance and personal accidents awarded to the executive directors, in line with the general policy of the Group applicable to the other employees and which terms and values fall within market practices.

76. Supplementary pensions or retirement schemes

There are neither supplementary pensions nor early retirement schemes for directors.

IV. Remuneration disclosure

77. Remuneration paid to directors

During the course of 2022, the director's remuneration was as follows:

Name	Fixed Remuneration (€)	Profit-sharing (€)	Total Remuneration (€)
Executive Directors			
Miguel Nuno Santos Almeida (CEO)	675 000	347 113	1 022 113
José Pedro Faria Pereira da Costa (CFO)	437 500	216 894	654 394
Jorge Filipe Pinto Sequeira dos Santos Graça	340 000	169 144	509 144
Luís Moutinho Nascimento	350 000	182 631	532 631
Manuel António Portugal Ramalho Eanes	390 000	196 119	586 119
Daniel Lopes Beato	207 615	89 438	297 053
Filipa de Sousa Taveira da Gama Santos Carvalho	200 000	88 219	288 219
Non-Executive Directors			
Ângelo Gabriel Ribeirinho Santos Paupério (Chairman of the Board of Directors)	225 000	-	225 000
António Domingues (1)	30 463	-	30 463
António Bernardo Aranha da Gama Lobo Xavier	80 000	-	80 000
Catarina Eufémia Amorim da Luz Tavira Van-Dúnem	65 000	-	65 000
João Pedro Magalhães da Silva Torres Dolores	92 500	-	92 500
Joaquim Francisco Alves Ferreira de Oliveira (1)	22 847	-	22 847
Maria Cláudia Teixeira de Azevedo	72 500	-	72 500
Ana Rita Ferreira Rodrigues	92 500	-	92 500
Cristina Maria de Jesus Marques	76 593	-	76 593
José Carvalho de Freitas (1)	22 847	-	22 847
Eduardo António Salvador Verde Rodrigues Pinho (2)	45 290	-	45 290

(1) End of term of office on 21/04/2022
(2) Eduardo António Salvador Verde Rodrigues Pinho began its term of office on 21/04/2022

In 2022, under the NOS Plan, as MTVR (1), the number of shares attributed to each executive director is detailed as follows:

Name	No. of Shares
Miguel Nuno Santos Almeida (CEO)	104 379
José Pedro Faria Pereira da Costa (CFO)	65 221
Jorge Filipe Pinto Sequeira dos Santos Graça	50 862
Luís Moutinho Nascimento	54 919
Manuel António Portugal Ramalho Eanes	58 974
Daniel Lopes Beato	26 894
Filipa de Sousa Taveira da Gama Santos Carvalho	26 528

(1) The number of attributed shares was determined on the basis of the average closing price in the 15 sessions preceding 31 March 2022 and approved by the Remuneration Committee.

In 2022, the total variable component of the executive directors' remuneration was calculated using the achievement of (collective) business indicators, with 70% weight, as follows:

KPI (collective)	Relative weight (%)
EBITDA	17.50%
Consolidated Operational Free Cash Flow	17.50%
Consolidated business volume	17.50%
Net Promoter Score (NPS)	17.50%

Furthermore, the achievement of individual performance qualitative performance indicators, which had a 30% weight in the calculation of the total variable remuneration, was taken into account.

i) Annual variable remuneration of the directors, the Company's performance, and the average remuneration of employees

The variation of the annual remuneration of the directors, the Company's performance, and the average remuneration of full-time (or equivalent) employees, excluding the management and supervisory bodies for the 2018-2022 period is as follows:

Annual Variation (%) Name	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021
Miguel Nuno Santos Almeida (CEO)	-1,24%	4,84%	1,82%	-0,67%	8,22%
José Pedro Faria Pereira da Costa (CFO)	-0,92%	1,71%	-0,60%	-3,13%	1,47%
Jorge Filipe Pinto Sequeira dos Santos Graça (1)	N/A	7,52%	3,78%	-0,67%	7,75%
Manuel António Portugal Ramalho Eanes	-1,24%	6,38%	2,96%	-0,67%	6,95%
Luís Moutinho Nascimento (2)	N/A	N/A	7,16%	-0,67%	4,38%
Daniel Lopes Beato (3)	N/A	N/A	N/A	N/A	N/A
Filipa de Sousa Taveira da Gama Santos Carvalho (3)	N/A	N/A	N/A	N/A	N/A

(1) Jorge Graça began its term of office on 26/04/2016
(2) Luís Nascimento began its term of office on 29/06/2017
(3) Daniel Beato and Filipa Carvalho began their term of office on 15/01/2021. Due to the variable remuneration being only paid in the following year, it is not possible to compare the remunerations

ii) Annual variation of the remuneration of the non-executive directors:

Annual Variation (%) Name	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021
Ângelo Gabriel Ribeirinho Santos Paupério (Chairman of the Board of Directors) (3)	0,00%	0,00%	67,14%	19,66%	50,00%
Ana Rita Ferreira Rodrigues (4)	N/A	N/A	N/A	N/A	16,83%
António Domingues (2) (6)	N/A	N/A	29,22%	12,56%	N/A
António Bernardo Aranha da Gama Lobo Xavier	0,00%	0,00%	10,71%	5,38%	14,29%
Catarina Eufémia Amorim Da Luz Tavira Van-Dúnem	0,00%	-7,65%	11,10%	6,33%	8,33%
Cristina Maria de Jesus Marques (4)	N/A	N/A	N/A	N/A	5,60%
Joaquim Francisco Alves Ferreira de Oliveira (6)	N/A	-7,65%	11,10%	6,33%	N/A
João Pedro Magalhães da Silva Torres Dolores (1)	0,00%	0,00%	23,36%	16,70%	16,83%
José Carvalho de Freitas (4) (6)	N/A	N/A	N/A	N/A	N/A
Maria Cláudia Teixeira de Azevedo	0,00%	-7,65%	11,10%	6,33%	20,83%
Eduardo António Salvador Verde Rodrigues Pinho (5)	N/A	N/A	N/A	N/A	N/A

(1) Beginning of term of office on 26-04-2016
(2) Beginning of term of office on 01-03-2017
(3) Appointed Chairman of the Board of Directors on 27/01/2020
(4) Beginning of term of office on 23-03-2020
(5) Beginning of term of office on 21-04-2021
(6) Ending of term of office on 21-04-2021

The following table shows the percentage annual variation of the NOS performance goals (on a consolidated basis) between 2018 and 2022:

Company performance(%)	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021
EBITDA	1,3%	2,8%	-5,7%	2,5%	5,4%
Revenue	0,5%	1,2%	-6,2%	4,6%	6,3%

The table below shows information on the evolution of the NOS employees' average remuneration since 2018 until 2022:

Average remuneration of full-time employees (%)	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021
	1,9%	2,0%	-0,2%	0,5%	2,5%

Employees' average remuneration calculated based on the average target remuneration, of full-time employees, at the company on 31 December of each year, excluding directors, trainees, and workers in the cinema area, in all companies which are controlled in more than 50% by NOS.

Due to the condition mentioned in item 71 above being satisfied, the number of rights granted (referred to as "Shares Allocated" below) and shares delivered (referred to as "Shares Delivered" below) to the executive directors is as follows:

Name (Position / Job)	Share Plan Conditions					Information on Reported Financial Year	
	Plan	Period of the Plan	Allocation Date	Maturity Date	End of Retention Period	No. of Allocated Shares(2)	No. of Shares Delivered (1)(3)
Miguel Nuno Santos Almeida (CEO)	2019/2022	01/04/2019 - 31/03/2022	01/04/2019	31/03/2022	31/03/2022	63 287	78 075
	2020/2023	01/04/2020 - 31/03/2023	01/04/2020	31/03/2023	31/03/2023	121 256	-
	2021/2024	01/04/2021 - 31/03/2024	01/04/2021	31/03/2024	31/03/2024	116 503	-
	2022/2025	01/04/2022 - 31/03/2025	01/04/2022	31/03/2025	31/03/2025	104 379	-
José Pedro Faria Pereira da Costa (CFO)	2019/2022	01/04/2019 - 31/03/2022	01/04/2019	31/03/2022	31/03/2022	46 806	57 743
	2020/2023	01/04/2020 - 31/03/2023	01/04/2020	31/03/2023	31/03/2023	84 940	-
	2021/2024	01/04/2021 - 31/03/2024	01/04/2021	31/03/2024	31/03/2024	75 630	
	2022/2025	01/04/2022 - 31/03/2025	01/04/2022	31/03/2025	31/03/2025	65 221	-
Jorge Filipe Pinto Sequeira dos Santos Graça	2019/2022	01/04/2019 - 31/03/2022	01/04/2019	31/03/2022	31/03/2022	30 324	37 410
	2020/2023	01/04/2020 - 31/03/2023	01/04/2020	31/03/2023	31/03/2023	60 730	-
	2021/2024	01/04/2021 - 31/03/2024	01/04/2021	31/03/2024	31/03/2024	58 352	
	2022/2025	01/04/2022 - 31/03/2025	01/04/2022	31/03/2025	31/03/2025	50 862	-
Luís Moutinho do Nascimento	2019/2022	01/04/2019 - 31/03/2022	01/04/2019	31/03/2022	31/03/2022	30 324	37 410
	2020/2023	01/04/2020 - 31/03/2023	01/04/2020	31/03/2023	31/03/2023	65 572	-
	2021/2024	01/04/2021 - 31/03/2024	01/04/2021	31/03/2024	31/03/2024	63 004	
	2022/2025	01/04/2022 - 31/03/2025	01/04/2022	31/03/2025	31/03/2025	54 919	-
Manuel António Portugal Ramalho Eanes	2019/2022	01/04/2019 - 31/03/2022	01/04/2019	31/03/2022	31/03/2022	35 819	44 189
	2020/2023	01/04/2020 - 31/03/2023	01/04/2020	31/03/2023	31/03/2023	70 414	-
	2021/2024	01/04/2021 - 31/03/2024	01/04/2021	31/03/2024	31/03/2024	67 657	
	2022/2025	01/04/2022 - 31/03/2025	01/04/2022	31/03/2025	31/03/2025	58 974	-
Daniel Lopes Beato	2019/2022	01/04/2019 - 31/03/2022	01/04/2019	31/03/2022	31/03/2022	5 407	6 670
	2020/2023	01/04/2020 - 31/03/2023	01/04/2020	31/03/2023	31/03/2023	13 002	-
	2021/2024	01/04/2021 - 31/03/2024	01/04/2021	31/03/2024	31/03/2024	12 507	
	2022/2025	01/04/2022 - 31/03/2025	01/04/2022	31/03/2025	31/03/2025	26 894	-
Filipa de Sousa Taveira da Gama Santos Carvalho	2019/2022	01/04/2019 - 31/03/2022	01/04/2019	31/03/2022	31/03/2022	6 422	7 923
	2020/2023	01/04/2020 - 31/03/2023	01/04/2020	31/03/2023	31/03/2023	14 412	-
	2021/2024	01/04/2021 - 31/03/2024	01/04/2021	31/03/2024	31/03/2024	13 613	
	2022/2025	01/04/2022 - 31/03/2025	01/04/2022	31/03/2025	31/03/2025	26 528	-

(1) The number of Shares Delivered is the result of the number of Allocated Shares, adjusted for dividends paid, in each year
(2) The calculation of the Shares Delivered (i.e., the rights to acquire shares under the NOS Plan) is made based on the weighted average closing price of the shares in the 15 trading sessions prior to the business day preceding the commencement of the plan
(3) Acquisition of shares with a 90% discount
(4) Daniel Beato began its term of office on 15/01/2021
(5) Filipa Carvalho began its term of office on 15/01/2021

78. Amounts paid by other companies of NOS Group

Executive directors of NOS that also hold positions in other NOS Group companies do not receive any additional remuneration or other amounts on any grounds whatsoever.

79. Profit sharing or bonus payments

See items 71 and 77 above.

80. Compensation to former executive directors

In 2022, there were no compensations paid to former directors concerning termination of their duties.

81. Remuneration paid to the members of the supervisory body

The remuneration of the members of the Statutory Independent Audit Board, during 2022, was as follows:

Name (Position / Job)	Fixed Remuneration (€)	Short-Term Variable Remunueration (€)	Total Remuneration (€)
José Pereira Alves (Chairman)	47 500	-	47 500
Paulo Cardoso Correia da Mota Pinto (Member)	30 000	-	30 000
Patrícia Andrea Bastos Teixeira Lopes Couto Viana (Member)	30 000	-	30 000

The variation of the total remuneration of the members of the Statutory Independent Audit Board, for the 2018-2022 period, is as follows:

Annual Variation(%) / Name	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021
José Pereira Alves (1)	N/A	N/A	N/A	N/A	5,6%
Paulo Cardoso Correia da Mota Pinto (2)	0,0%	-32,4%	-26,0%	0,0%	0,0%
Patrícia Andrea Bastos Teixeira Lopes Couto Viana	0,0%	0,0%	0,0%	0,0%	0,0%

(1) José Alves began its term of office on 08/05/2019
(2) Paulo Mota Pinto ceased to be Chairman of the Statutory Independent Audit Board and became Member on 08/05/2019

In 2022, no non-financial benefits were given to the members of the Statutory Independent Audit Board. The members of the Statutory Independent Audit Board that also hold positions in other NOS Group companies do not receive any additional remuneration or other amounts in any ground whatsoever.

82. Remuneration of the Board of the General Meeting

The remuneration of the members of the Board of the General Meeting, during 2022, was as follows:

Name (Position / Job)	Fixed Remuneration (€)	Short-Term Variable Remuneration (€)	Total Remuneration (€)
António Agostinho Bastos Teixeira da Conceição Guedes (1) (Chairman of the Board of the General Meeting)	12 500		12 500
Maria Daniela Farto Baptista Passos (1) (Secretary of the Board of the General Meeting)	3 472		3 472
Pedro Canastra de Azevedo Maia (2) (Chairman of the Board of the General Meeting)	5 571	-	5 571
Tiago Antunes da Cunha Ferreira de Lemos (2) (Secretary of the Board of the General Meeting)	1 547	-	1 547

(1) Beginning of term of office on 21/04/2022
(2) End of term of office on 21/04/2022

V. Agreements with remuneration implications

83. Restraints on compensations for unfair dismissal

The directors of NOS in the case of unfair dismissal are entitled to compensation for damages suffered in accordance with the applicable law.

The remuneration policy does not provide any indemnity or compensation to members of the Board of Directors regarding their resignation or any other form of termination of the term of office of director (other than the unfair dismissal) before its term, with the exception of the sums established by law.

84. Compensation in the event of resignation, unfair dismissal or termination following a change of control (directors and managers)

There are no foreseen specific compensations in the event of resignation, unfair dismissal or termination following a change of control, besides the ones applicable pursuant to the law.

VI. Share allocation plans

85. Plans and targets

The objectives of the NOS Share Allocation Plan are:

- To ensure the loyalty of employees in the different companies of the NOS Group;
- To stimulate their creative and productive capacity and foster business profits;
- To create favourable recruitment conditions for senior officers and high strategic value workers;
- To align the interests of the employees with the business objectives and the interests of NOS shareholders, rewarding their performance in relation to value creation for NOS shareholders, reflected in the value of its shares on the stock exchange.

This Plan applies to employees that belong to some organisational groups, including executive directors, is one of the pillars that makes NOS a benchmark company in personal and professional development matters and stimulates the development and mobilisation of employees around a common project.

NOS Plan Regulations, which include all necessary elements for the correct evaluation of the Plan, can be found at the Company's website at https://www.nos.pt/institucional/EN/general-meeting/Documents/Proposta_Ponto_4_ENG_2021.pdf.

86. Characterisation of NOS Plan

Under the NOS Plan, the Executive Committee shall select the beneficiaries employees and decide on a case-by-case basis the allocation of shares to the eligible employees. The Remuneration Committee has this responsibility for Executive Committee members.

The allocation of shares to the respective beneficiaries depends entirely on collective and individual performance criteria.

The number of shares to be allocated is established using the amounts that are set with reference to the percentages of the remuneration earned by the beneficiaries, considering the assessment of NOS annual objectives as well as the assessment of individual performance. The specific number of shares to be allocated will be, therefore, the result of the division of the value provided by the average closing price, weighted by the respective volume, of shares in the 15 trading sessions prior to the reference date, except if the Executive Committee or Remuneration Committee, in the case of Executive Committee's members, considers at its sole discretion other criteria that are deemed to be more appropriate. Shares were allocated with a right to buy with a discount up to 90%.

These shares, or the equivalent value in cash, are delivered after a deferral period of 3 years following the date of allocation. However, should dividends be distributed or if the nominal value of the shares or share capital is changed during the deferral period through operations with financial movements, the initial number of shares under the NOS Plan will be altered to reflect the effects of these changes, so that the Plan is aligned with the total return achieved.

For the executive members of the Board, the conditions of positive performance, as described in item 71 above, must additionally be met for their appointment.

On 31 December 2022, the plans that allow the delivery of shares are the following:

NOS PLAN	NUMBER OF SHARES
Plan 2020	1 459 370
Plan 2021	1 320 809
Plan 2022	1 079 152

During the year ended on 31 December 2022, the movements under the NOS Plan are detailed as follows:

	NOS PLAN 2019	NOS PLAN 2020	NOS PLAN 2021	NOS PLAN 2022	TOTAL
BALANCE AS AT 31 DECEMBER 2021	**761 557**	**1 411 601**	**1 276 908**	**-**	**3 450 066**
MOVEMENTS IN THE PERIOD:					
Awarded	-	-	-	1 032 100	**1 032 100**
Vested	(761 064)	(16 081)	(13 236)	(876)	**(791 257)**
Cancelled / Elapsed / Corrected (1)	(493)	63 850	57 137	47 928	**168 422**
BALANCE AS AT 31 DECEMBER 2022	**-**	**1 459 370**	**1 320 809**	**1 079 152**	**3 859 331**

(1) Includes, mainly, amendments introduced by virtue of the dividend paid, shares related to plans exceptionally settled in cash and shares related with termination of relationships with employees, not benefiting from the vesting of shares.

87. Stock option plans for employees

No remunerations based in options are implemented for employees through share allocation. The NOS Plan, which applies to employees that belong to some organisational groups (including executive directors) only allows share allocation.

88. Control of employees' participation in the capital

The voting rights inherent to shares delivered to employees benefiting from the NOS Plan can only be exercised by them after the respective vesting of the shares.

E. Transactions with Related Parties

I. Control mechanisms and procedures

89. Mechanisms implemented by the company for the purpose of controlling transactions with related parties

NOS has established control mechanisms and procedures for the Company's transactions with shareholders of qualified holdings, or with entities with whom they are in any relationship, according to article 20 of the Portuguese Securities Code.

Pursuant to article 3(3.1)(o) of the Delegation of Management Powers by the Board of Directors to the Executive Committee, the delegation did not cover the entering into of any transactions, between the Company and shareholders of qualified holdings representing 2% or more of the voting rights and/or entities related to them in any way pursuant to article 20 of the Portuguese Securities Code, in excess of the individual amount of € 75,000 or the aggregate annual amount per supplier of € 150,000 (without prejudice to the transactions having been approved in general terms or in terms of framework by the Board of Directors).

In turn, article 2(2.9)(g) of the Delegation of Powers determines that the Chairman of the Executive Committee is responsible in particular for ensuring that the Board of Directors is informed, quarterly, of the transactions that, in connection with the delegation of powers, have been entered into by the Company and Related Parties when in excess of the individual amount of € 10,000.

The Audit and Finance Committee also scrutinises these matters, since article 3(j) of its Regulations determines that its powers include, in particular, the power to analyse and issue its prior opinion on the transactions between the Company and Related Parties.

In addition, the Statutory Independent Audit Board, under its Regulations, is responsible for issuing a prior opinion on relevant business activities with Related Parties.

On 4 November 2020, the Board of Directors approved, with a favourable opinion by the Statutory Independent Audit Board, a new Regulation for Transactions with Related Parties, which laid down, in particular, procedures and criteria that are required to define the relevant level of significance of business with shareholders of qualified holdings – or with Related Parties – and thus business of significant importance is now dependent upon the prior opinion of that supervisory body, in strict compliance with the legal requirements in force.

The Regulation on Transactions with Related Parties is available at https://www.nos.pt/institucional/EN/investors/corporate-governance/Documents/Regulamento%20Transacoes%20com%20Partes%20Relacionadas%202022_EN.pdf.

90. Details of transactions that were subject to control in the referred year

During 2022, NOS did not do any significant business or operation in economic terms for any of the parties involved with members of the management and supervisory bodies or companies in a control or group relationship, that have not been conducted in normal market conditions for similar operations and that are not a part of the current activity of the Company and, as such, there were no transactions with related parties subject to the Statutory Independent Audit Board control.

91. A description of the procedures and criteria applicable to the supervisory body when same provides preliminary assessment of the business deals to be carried out between the company and the holders of qualified shareholdings or entity-relationships with the former, as envisaged in article 20 of the Securities Code

The Regulations on Transactions with Related Parties lays down internal procedures for control of transactions with holders of qualified shareholdings, considered suited to the transparency of the decision-making process, defining the terms of intervention of the Statutory Independent Audit Board in this process.

Thus, without prejudice to additional obligations, pursuant to these Regulations, by the end of the month following the end of each quarter, the Executive Committee shall inform the Statutory Independent Audit Board of all the transactions made in the previous quarter with each holder of qualified shareholdings and/or related party.

Transactions with holders of qualified shareholdings and/or related parties require a prior opinion from the Statutory Independent Audit Board in the following cases: (i) transactions whose value per transaction exceeds a particular level set forth in the Regulations and is described in the table below; (ii) transactions with a significant impact on the activities of NOS and/or its subsidiaries due to their nature or strategic importance, regardless of their value; (iii) transactions made, exceptionally, outside normal market conditions, regardless of their value, and (iv) transactions made, exceptionally, outside current activity, regardless of their value.

Types and values of the transactions to be considered for the purposes of item (i) above:

Transactions – Sales, services, purchases and services obtained, except in case of renovation of pending contracts	More than EUR 1.000.000
Loans and other funding received and granted, except day-to-day management/operations up to 180 days	More than EUR 10.000.000
Financial investments	More than EUR 10.000.000s

The prior opinion of the Statutory Independent Audit Board required for the transactions referred to in items (i) and (ii) above will not be necessary in the case of: (i) interest and/or exchange rate hedging transactions through trading rooms or auctions and (ii) applications or financial investments through trading rooms or auctions.

For the Statutory Independent Audit Board to appraise the transaction in question and issue an opinion, the Executive Committee must provide that body with all necessary information and a reasoned justification.

The assessment to authorise and issue a prior opinion applicable to transactions with holders of qualified shareholdings and/or related parties should take into account, among other relevant aspects, the principle of equal treatment of shareholders and other stakeholders, the interest of the Company and the impact, materiality, nature and justification for each transaction.

II. Data on business deals

92. Details of the place where the financial statements including information on business dealings with related parties are available, in accordance with IAS 24

Relevant businesses with Related Parties made until 31 December 2022 can be found in note 45 of the financial statements, which are included in the accounting documents, available at the Company's headquarters and on its website https://www.nos.pt/institucional/EN/investors/nos-in-numbers/Pages/results.aspx.

PART 2

Corporate Governance Assessment

1. Details of the Corporate Governance Code implemented

Pursuant to article 2 of CMVM Regulation No. 4/2013, NOS adopts the Recommendations set out in the Corporate Governance Code of the IPCG, published in 2018 and revised in 2020, available on the website of this entity www.cgov.pt.

2. Analysis of compliance with the Corporate Governance Code implemented

The following table presents: i) the IPCG's Recommendations on Corporate Governance; ii) the corresponding level of observance by NOS, as at 31 December 2022 and justification of recommendations not applicable or not adopted; and, also iii) reference to the Chapters of this Corporate Governance Report that describe the measures taken by the Company to comply with the aforementioned Recommendations.

Corporate governance report 2022 compliance analysis

	CORPORATE GOVERNANCE CODE	ASSESSMENT	CGR REFERENCE / COMMENTS
I.	**GENERAL PROVISIONS**		
General principle: Corporate Governance should promote and enhance the performance of companies, as well as of the capital market, and strengthen the trust of investors, employees and the general public in the quality and transparency of management and supervision, as well as in the sustained development of companies.			
I.1.	**Company's relationship with investors and disclosure** *Principle: Companies, in particular their directors, should treat shareholders and other investors equitably, by ensuring mechanisms and procedures are in place for the suitable management and disclosure of information.*		
I.1.1.	The Company should establish mechanisms to ensure, in a suitable and rigorous form, the production, management and timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, financial analysts, and to the markets in general.	**Adopted**	**Items 15, 22, 28, 29, 34, 56 to 65**
I.2.	**Diversity in the composition and functioning of the company's governing bodies** *Principle I.2.A: Companies ensure diversity in the composition of their governing bodies, and the adoption of requirements based on individual merit in the appointment procedures that are exclusively within the powers of the shareholders.* *Principle I.2.B: Companies should be provided with clear and transparent decision-making structures and ensure a maximum effectiveness of the functioning of their governing bodies and committees.* *Principle I.2.C: Companies ensure the functioning of their governing bodies and committees is properly registered, in minutes, that enables knowing not only the meaning of the adopted decisions, but also the grounds and opinions provided by its members.*		

	CORPORATE GOVERNANCE CODE	ASSESSMENT	CGR REFERENCE / COMMENTS
I.2.1.	Companies should establish standards and requirements regarding the profile of new members of their governing bodies, which are suitable according to the roles to be carried out. Besides individual attributes (such as competence, independence, integrity, availability, and experience), these profiles should take into consideration general diversity requirements, with particular attention to gender diversity, which may contribute to a better performance of the governing body and to the balance of its composition.	**Adopted**	**Items 19, 29, and 33**
I.2.2.	The Company's management and supervisory boards, as well as their committees, should have internal regulations — specifically regulating the performance of their duties, their Chairmanship, frequency of meetings, their functioning and the duties of their members — fully disclosed in the Company's website and detailed minutes of the meetings of each of these bodies should be carried out.	**Adopted**	**Items 22, 27, 29, 34 and 67**
I.2.3.	The composition and the number of annual meetings of the management and supervisory bodies, as well as of their internal committees, should be disclosed on the Company's website.	**Adopted**	**Items 60 to 65**
I.2.4.	A whistleblowing policy must be implemented that ensures the suitable means for the communication and processing of irregularities, safeguarding the confidentiality of the reported information and the identity of the reporter, whenever it is requested.	**Adopted**	**Item 49**
I.3.	***Relationship between the company bodies*** *Principle: Members of the governing bodies, especially directors should, considering the duties of each of the bodies, create the appropriate conditions to ensure balanced and efficient measures to allow for the different governing bodies of the company to act in a harmonious and coordinated way, in possession of the suitable amount of information in order to carry out their respective duties.*		
I.3.1.	The articles of association, or other equivalent means adopted by the company, should establish mechanisms that, within the limits of applicable laws, permanently ensure that the members of the management and supervisory boards are provided with access to all the information and company's employees, in order to appraise the performance, current situation and perspectives for further developments of the company, including minutes, documents supporting decisions that have been taken, calls for meetings, and the archive of the meetings of the management body, without impairing access to any other documents or people that may be requested for information.	**Adopted**	**Items 21, 22, 28, 29 and 34**
I.3.2.	Each of the Company's bodies and committees should ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, necessary for the exercise of the competences, determined by law and the articles of association, of each of the remaining bodies and committees.	**Adopted**	**Items 22, 28, 29 and 34**
I.4.	***Conflicts of interest*** *Principle: The existence of current or potential conflicts of interest, between members of the company's bodies or committees and the company, should be prevented. The non-interference of the conflicted member in the decision process should be guaranteed.*		

	CORPORATE GOVERNANCE CODE	ASSESSMENT	CGR REFERENCE / COMMENTS
I.4.1.	Under internal regulations or equivalent, members of the management and supervisory boards and internal committees are bound to inform the respective board or committee whenever there are facts that could constitute or give rise to a conflict between their interests and the company's interest.	**Adopted**	**Item 26**
I.4.2.	Procedures should be adopted to guarantee that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and other clarifications that the board, the committee or their respective members may request.	**Adopted**	**Item 26**
I.5.	***Related party transactions*** *Principle: Due to the potential risks that they may hold, transactions with related parties should be justified by the interest of the company and carried out under market conditions, subject to principles of transparency and adequate supervision.*		
1.5.1.	The management body should disclose in the governance report or through another publicly available means the internal procedure for verifying related party transactions.	**Adopted**	**Items 34 and 89 to 91**
I.5.2.	The management body should report the results of the internal procedure for verifying related parties' transactions, including the transactions under analysis, to the supervisory body, at least every six months.	**Adopted**	**Item 90 and 91**
C	SHAREHOLDERS AND GENERAL MEETINGS		
II.A	*Principle: As an instrument for the efficient functioning of the company and the fulfilment of the corporate purpose of the company, the suitable involvement of the shareholders in matters of corporate governance is a positive factor for the company's governance.*		
II.B	*Principle: The company should stimulate the personal participation of shareholders in general meetings, as a space for communication by the shareholders with the company's bodies and committees and also for reflection about the company itself.*		
II.C	*Principle: The company should implement adequate means for participation and remote voting for the shareholders in the meeting.*		
II.1.	The Company should not set an excessively high number of shares to confer voting rights, and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote.	**Adopted**	**Item 12**
II.2.	The company should not adopt mechanisms that make decision making by its shareholders (resolutions) more difficult, specifically, by setting a quorum higher than that established by law.	**Adopted**	**Item 14**
II.3.	The company should implement adequate means for shareholders remote participation in the General Meeting, proportionate to its size.	**Adopted**	**Item 12**

	CORPORATE GOVERNANCE CODE	ASSESSMENT	CGR REFERENCE / COMMENTS
II.4.	The company should implement adequate means for exercising the remote voting right, including by postal voting and by electronic means.	**Adopted**	**Item 12** The Company further notes that the raison d'être of this Recommendation (i.e., to fully enable shareholders to exercise their voting rights) is ensured by other mechanisms, such as postal voting (commonly used), and by electronic means, with information on such possibilities promptly and made available to the general public through the publication of a notice of meeting and other documents (including the ballot paper and forms) on the Company's website.
II.5.	The company's Articles of Association, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every five years, the amendment or maintenance of this rule will be subject to a shareholder resolution – without increased quorum in comparison to the legally established – and in that resolution, all votes cast will be counted without observation of the imposed limits.	**N/A**	**Item 13** The Company's Articles of Association do not set any limit on the number of votes that can be held or exercised by each shareholder
II.6.	The company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control or the change in the composition of the management body, and which are likely to harm the economic interest in the free transferability of shares and a shareholder assessment of the performance of the directors.	**Adopted**	**Items 2, 4, and 5**
III.	**NON-EXECUTIVE MANAGEMENT, MONITORING AND SUPERVISION**		
III.A	*Principle: The members of governing bodies who possess non-executive management duties or monitoring and supervisory duties should, in an effective and judicious manner, carry out monitoring duties and encourage executive management to fully accomplish the corporate purpose, and this should be complemented by committees for areas that are central to corporate governance.*		
III.B	*Principle: The composition of the supervisory body and the non-executive directors should provide the company with a balanced and suitable diversity of skills, knowledge, and professional experience.*		
III.C	*Principle: The supervisory body should carry out permanent oversight of the company's management body, including from a preventive perspective, and monitor the company's activity, in particular, decisions of fundamental importance.*		
III.1.	Without prejudice to the legal powers of the chairman of the board of directors, if he or she is not independent, the independent directors should appoint a coordinator (lead independent director), from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chairman of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of the management body, as established in recommendation V.1.1.	**Not Adopted**	**Item 18**

	CORPORATE GOVERNANCE CODE	ASSESSMENT	CGR REFERENCE / COMMENTS
III.2.	The number of non-executive members in the management body, as well as the number of members of the supervisory body and the number of the members of the committee for financial matters should be suitable for the size of the company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed, and this adequacy finding formulation should be in the governance report.	**Adopted**	**Items 17, 18, 29 and 31**
III.3.	In any case, the number of non-executive directors should be higher than the number of executive directors.	**Adopted**	**Items 17 and 18**
III.4.	Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to: i. Having carried out functions in any of the company's bodies for more than twelve years, either on a consecutive or non-consecutive basis; ii. Having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years; iii. Having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person; iv. Having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties; v. Having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualified shareholdings; vi. Having been a holder of qualified shareholdings or representative of a holder of qualified shareholdings.	**Not Adopted**	**Item 18**
III.5.	The provisions of (i) of recommendation III.4 does not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the appointment, a period of three years has elapsed (cooling-off period).	**N/A**	There are no directors under these conditions.
III.6.	The supervisory body, in observance of the powers conferred to it by law, should, prior to its final approval by the management body, evaluate and pronounce itself on the strategic lines and the risk policy.	**Adopted**	**Items 34 and 38**

	CORPORATE GOVERNANCE CODE	ASSESSMENT	CGR REFERENCE / COMMENTS
III.7.	Companies should have specialised committees covering matters of corporate governance, appointments and performance assessments, separately or cumulatively. If the remuneration committee provided by article 399 of the Portuguese Companies Code has been created, and due to not being prohibited by law, this recommendation may be complied with the attribution of powers to this committee on the aforementioned matters.	**Adopted**	**Item 27, 29 and 67**
IV.	**EXECUTIVE MANAGEMENT**		
IV.A	*Principle: As a way of increasing the efficiency and the quality of the management body's performance and the suitable flow of information to the board, the daily management of the company should be carried out by executive directors with qualifications, powers and experience suitable for the rule. The executive board is responsible for the management of the company, pursuing the company's objective and aiming to contribute towards the company's sustainable development.*		
IV.B	*Principle: Besides the costs and the desirable agility in the functioning of the executive board, the size of the company, the complexity of its activity, and its geographical spread should be taken into account in determining the number of executive directors.*		
IV.1.	The management body should approve, by internal regulations or equivalent, the rules regarding the action of the executive directors and how these are to carry out their executive functions in entities outside of the group.	**Adopted**	**Item 29**
IV.2.	The management body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards: (i) the definition of the strategy and main policies of the company; (ii) the organisation and coordination of the business structure; (iii) matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics.	**Adopted**	**Item 21**
IV.3.	In the annual report, the management body specify in which terms the established strategies and main policies strive to ensure the long-term success of the company and which are the main contributions arising for the community in general.	**Adopted**	**Item 21**
V.	**ASSESSMENT OF PERFORMANCE, REMUNERATION AND APPOINTMENTS**		
V.1.	***Annual Assessment of Performance*** *Principle: The company should assess the performance of the executive board and its members individually, and also the assessment of the overall performance of the management body and its specialised committees.*		
V.1.1.	The management body should annually evaluate its performance as well as the performance of its committees and delegated directors, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.	**Adopted**	**Items 24, 25, 29, 70, 71, and following**
V.2. A.	***Remuneration***		

	CORPORATE GOVERNANCE CODE	ASSESSMENT	CGR REFERENCE / COMMENTS
	Principle: *The remuneration policy of the members of the management and supervisory boards should allow the company to attract qualified professionals at an economically justifiable cost in relation to its financial situation, induce the alignment of the member's interests with those of the company's shareholders – taking into account the wealth effectively created by the company, its financial situation and the market's – and constitute a factor of development of a culture of professionalisation, sustainability, promotion of merit and transparency within the company.*		
V.2. B.	*Directors should receive a remuneration that:* *i) adequately reciprocates the taken responsibilities, availability, and expertise placed at the company's service;* *ii) guarantees an action aligned with the long-term interests of the shareholders and promotes the sustainable action of the company; and* *iii) rewards performance.*		
V.2.1.	The company should create a remuneration committee, the composition of which should ensures its independence from the management board, and this remuneration committee can be the one mentioned in article 399 of the Portuguese Companies Code.	**Adopted**	**Items 66 to 70**
V.2.2.	The remuneration should be set by a remuneration committee or by the general meeting, under proposal of the former.	**Adopted**	**Item 66**
V.2.3.	For each term of office, the remuneration committee or general meeting, under proposal of the former, should also approve the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office, with this situation and amounts being disclosed in the governance report or in the remuneration report.	**Adopted**	**Item 83**
V.2.4.	In order to provide information or clarifications to shareholders, the chair or, in the event of his/her impediment, another member of the remuneration committee should be present at the annual general meeting, as well as at any other, whenever the respective agenda includes a matter linked with the remuneration of the members of the company's bodies and committees or, if such presence has been requested by the shareholders.	**Adopted**	**Item 69**
V.2.5.	Within the company's budgetary limitations, the remuneration committee should be able to decide, freely, on the hiring, by the company, of necessary or convenient consulting services to carry out the committee's duties.	**Adopted**	**Item 67**
V.2.6.	The remuneration committee should ensure that those services are provided independently and that the respective providers do not provide other services to the company, or to others in a controlling or group relationship, without the express authorisation of the committee.	**Adopted**	**Item 67**
V.2.7.	Considering the alignment of interests between the company and the executive directors, a part of their remuneration should be of a variable nature, reflecting the sustained performance of the company, and not stimulating the assumption of excessive risks.	**Adopted**	**Item 70**
V.2.8.	A significant part of the variable component should be partially deferred in time, for a period of no less than three years, thereby necessarily connecting it to the confirmation of the sustainability of the performance, in the terms defined by the company's internal regulations.	**Adopted**	**Item 71**
V.2.9.	When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred in time for a period of no less than three years.	**N/A**	**Items 71 and following** Unforeseen situation

	CORPORATE GOVERNANCE CODE	ASSESSMENT	CGR REFERENCE / COMMENTS
V.2.10.	The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value.	**Adopted**	**Items 69 and 78**
V.3.	***Appointments*** *Principle: Regardless of the manner of appointment, the profile, the knowledge and the curriculum of the members of the company's governing bodies and the executive staff should be suited to the functions carried out.*		
V.3.1.	The company should, in terms that it considers suitable, but in a demonstrable form, promote that proposals for the appointment of the members of the company's governing bodies are accompanied by a justification in regard to the suitability of the profile, the skills and the curriculum vitae to the duties to be carried out.	**Adopted**	**Item 29**
V.3.2.	The overview and support to the appointment of members of senior management should be attributed to an appointment committee, unless this is not justified by the company's size.	**N/A**	**Item 29** The management and supervisory bodies are directors of NOS
V.3.3.	This appointment committee includes a majority of non-executive, independent members.	**Not Adopted**	**Item 29**
V.3.4.	The appointment committee should make its terms of reference available, and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms for identifying potential candidates, and ensure that those chosen for proposal are those who present the highest degree of merit, are best suited to the demands of the duties to be carried out, and will best promote, within the organisation, suitable diversity, including gender diversity.	**N/A**	**Item 29** In accordance with the Interpretative Note no. 3 of the CEAM, this recommendation must be interpreted as only relating to the committee provided in recommendation V.3.2. (which was assessed as N/A)
VI.	**INTERNAL CONTROL**		
	Principle: Based on its mid and long-term strategies, the company should establish a system of risk management and control, and of internal audit, which allow for the anticipation and minimisation of risks inherent to the company's activity.		
VI.1.	The management body should debate and approve the company's strategic plan and risk policy, which should include the definition of limits in risk assumption matters.	**Adopted**	**Items 50 and following**
VI.2.	The supervisory body should organise itself internally, implementing periodic controls procedures and mechanisms aiming to ensure the risks effectively incurred by the company are consistent with the objectives established by the management body.	**Adopted**	**Item 50**
VI.3.	The internal control system, having the risk management, compliance, and internal audit duties, should be structured in terms suitable for the size of the company and the complexity of the risks intrinsic to its activity, with the supervisory body assessing it and, within the scope of supervising the efficiency of this system, proposing the adjustments that may be deemed necessary.	**Adopted**	**Item 51**
VI.4.	The supervisory body should give an opinion on the work plans and resources allocated to the internal control system services, including the risk management, compliance, and internal audit duties, and can propose the adjustments that may be deemed necessary.	**Adopted**	**Item 51**

	CORPORATE GOVERNANCE CODE	ASSESSMENT	CGR REFERENCE / COMMENTS
VI.5.	The supervisory body should receive the reports made by the internal control services, including the risk management, compliance, and internal audit duties, at least when matters related to accounting, identification or conflicts of interest resolution, and detection of potential irregularities are at issue.	**Adopted**	**Item 51**
VI.6.	Based on its risk policy, the Company shall establish a risk management duty, identifying (i) the main risks to which it is subject in the conduct of its business, (ii) the probability of their occurrence and their impact, (iii) the instruments and measures to be adopted to mitigate them, and (iv) the monitoring procedures for follow-up.	**Adopted**	**Items 53 and 54**
VI.7.	The company should establish monitoring procedures, periodical assessment and adjustment of the internal control system, including an annual evaluation of the level of internal compliance and the performance of the risk management system, as well as future perspectives for amendments of the structures of risk previously defined.	**Adopted**	**Items 51 and 54**
VII.	**FINANCIAL STATEMENTS AND ACCOUNTING**		
VII.1	***Financial statements*** *Principle VII.A: The supervisory body shall, independently and diligently, ensure that the management body meets its responsibilities in choosing appropriate accounting policies and criteria and in establishing appropriate systems for financial reporting, risk management, internal control and internal audit.* *Principle VII.B: The supervisory body shall promote adequate coordination between the work of internal audit and statutory audit.*		
VII.1.1.	The internal regulations of the supervisory body shall require that it oversees the adequacy of the process of preparing and disclosing financial information by the management body, including the adequacy of accounting policies, estimates, judgements, relevant disclosures and their consistent application between financial years, in a duly documented and reported manner.	**Adopted**	**Item 34**
VII.2	***Statutory audit and supervision*** *Principle: The supervisory body should establish and monitor clear and transparent formal procedures on the relationship of the company with the statutory auditor, as well as on the supervision of compliance by the auditor, with rules regarding independence imposed by law and professional regulations.*		
VII.2.1.	Through the use of internal regulations, the supervisory body should define, under the applicable legal regime, the supervision procedures aimed at ensuring the independence of the statutory auditor.	**Adopted**	**Item 34**
VII.2.2.	The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports, having the powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company.	**Adopted**	**Items 34 and 37**
VII.2.3.	The supervisory body should annually assess the services provided by the statutory auditor, their independence and their suitability in carrying out their functions and propose their dismissal or the termination of their service contract by the competent body when this is justified for due cause.	**Adopted**	**Items 34 and 37**

PART 3

ANNEX

Board of the General Meeting

ANTÓNIO AGOSTINHO CARDOSO DA CONCEIÇÃO GUEDES
Chairman of the Board of the General Meeting

Qualifications

- Law Degree from the Portuguese Catholic University, Porto
- Master's Degree in Civil Law Sciences - Coimbra Faculty of Law
- Doctorate in Civil Law Sciences - Portuguese Catholic University
- Author and co-author of several publications in Civil and Commercial Law, including "A natureza jurídica do Direito de Preferência" [The Legal Nature of the Right of Preference], master's thesis, and "O Exercício de Direito de Preferência" [The Exercise of the Right of Preference], doctoral thesis

Professional Experience

- Member of the General Council of the Centre for Judicial Studies (elected by the Assembly of the Republic) (2011-2022)
- Scientific Coordinator of the Double Degree course in Law and Management (Porto Regional Centre of the Portuguese Catholic University) (2014-2021)
- Member of the Board of the Business Management School - Portuguese Catholic University, Porto Regional Centre (Católica Porto Business School) (2013-2020)
- Vice-Chairman of the Board of the General Meeting - Banco BPI, S.A. (2016-2020)
- Chairman of the Board of the General Meeting - Sonae Investimentos, SGPS, S.A. (2007-2018)
- Chairman of the Board of the General Meeting - Sonae Indústria, SGPS, S.A. (2014-2015)
- Chairman of the Board of the General Meeting - Sonaecom, SGPS, S.A. (2014-2015)
- Member of the High Council - Portuguese Catholic University (2011-2013)
- Secretary of the Board of the General Meeting - Sonae Indústria, SGPS, S.A. (2007-2014)
- Secretary of the Board of the General Meeting - Sonaecom, SGPS, S.A. (2007-2014)
- Chairman of the Board of the General Meeting - Sonae Capital, SGPS, S.A. (2007-2014)
- Member of the Advisory Board - Business Management School UCP-CRP (2009-2013)
- Director of the Porto School, Faculty of Law - Faculty of Law of the Portuguese Catholic University (2006-2013)
- President of the Scientific Council of the Porto School - Faculty of Law of the Portuguese Catholic University (2006-2013)
- President of the Pedagogical Council of the Porto School - Faculty of Law of the Portuguese Catholic University (2005-2006)

Offices held in other institutions

- Arbitrator at the Commercial Arbitration Institute (Portuguese Chamber of Commerce/Chamber of Commerce and Industry of Porto)
- Consultant - Morais Leitão, Galvão Teles, Soares da Silva e Associados – Sociedade de Advogados, RL
- Associate Professor - Law Faculty of the Catholic University, Porto School

MARIA DANIELA FARTO BAPTISTA PASSOS
Secretary of the Board of the General Meeting

Qualifications

- Law Degree - Portuguese Catholic University, Porto
- Specialisation Course in Juridical-Commercial Sciences
- Master's Degree in Law, area of Juridical-Commercial Sciences
- Doctorate in Law, area of Juridical-Commercial Sciences

Professional Experience

- Assistant - Porto School of the Faculty of Law of the Portuguese Catholic University – Introduction to Law; Introduction to Private Law; General Theory of Legal Relationships; Commercial Law and Company Law (2004-2015)
- Lecturer in the Master's Degree in Banking and Insurance - Faculty of Economics and Management of the Portuguese Catholic University of Porto - Subject Commercial Law (2012-2014)
- Member of the Direction Council - Porto School of the Faculty of Law of the Portuguese Catholic University (2002-2008)
- Trainer in Executive Process - Training Centre of the District Council of the Bar Association of Porto (2006-2007)
- Trainee Lecturer - Porto School of the Faculty of Law of the Portuguese Catholic University (2000-2004)
- Lecturer in the Postgraduate Course in Commercial Law and Company Law - Lisbon School of the Lisbon Faculty of the Portuguese Catholic University
- Member of the Católica Research Centre for the Future of Law
- Assistant Professor - Porto School of the Faculty of Law of the Portuguese Catholic University in the subjects of the Degree in Law and Double Degree in Law and Management: Introduction to Law; Introduction to Private Law; General Theory of Legal Relationships; Commercial Law and Corporate Law

- Subjects taught on the Master's Degree in Company and Business Law and in the Master's Degree in Law and Management: Securities and Capital Markets Law; Banking Law
- Seminars taught: Dismissal and Exclusion of Members
- Lecturer in the Postgraduate Course in Securities Law - Lisbon Securities Institute
- Lecturer in the Advanced Postgraduation Course in Banking Law - Faculty of Law of the University of Lisbon
- Lecturer in the Postgraduation Course in Company Law - Porto School of the Faculty of Law of the Portuguese Catholic University
- Scientific Coordinator and Lecturer in the Postgraduation Course in Securities Law and Banking Law - Porto School of the Faculty of Law of the Portuguese Catholic University

Offices held in other institutions

- Scientific Coordinator and Lecturer in the Postgraduation Course in Securities Law and Banking Law - Porto School of the Faculty of Law of the Portuguese Catholic University – (2017 until now)
- Lecturer in the Postgraduation Course in Company Law - Porto School of the Faculty of Law of the Portuguese Catholic University – (2020 until now)
- Lecturer in the Advanced Postgraduation Course in Banking Law - Faculty of Law of the University of Lisbon – (2017 until now)
- Lecturer in the Postgraduate Course in Securities Law - Lisbon Securities Institute – (2017 until now)
- Assistant Professor - Porto School of the Faculty of Law of the Portuguese Catholic University in the subjects of the Degree in Law and Double Degree in Law and Management: Introduction to Law; Introduction to Private Law; General Theory of Legal Relationships; Commercial Law and Corporate Law – (2015 until now)
- Member of the Católica Research Centre for the Future of Law – (2015 until now)
- Lecturer in the Postgraduate Course in Commercial Law and Company Law - Lisbon School of the Lisbon Faculty of the Portuguese Catholic University – (2004 until now)
- Subjects taught on the Master's Degree in Company and Business Law and in the Master's Degree in Law and Management: Securities and Capital Markets Law; Banking Law
- Seminars taught: Dismissal and Exclusion of Members

Board of Directors

ÂNGELO GABRIEL RIBEIRINHO DOS SANTOS PAUPÉRIO
Chairman of the Board of Directors

Qualifications

- Degree in Civil Engineering from Faculty of Engineering of the University of Porto
- Master in Companies Management MBA (Porto Business School)

Offices held in other companies as of 31.12.2022

- Chairman of the Board of Directors of Sonaecom, SGPS, S.A.
- Chairman of the Board of Directors of Sonae Investment Management – Software and Technology, SGPS, S.A.
- Chairman of the Board of Directors of Público – Comunicação Social, S.A.
- Chairman of the Board of Directors of Sonae Holdings, S.A.
- Chairman of the Board of Directors of Enxomil – Consultoria e Gestão S.A.
- Chairman of the Board of Directors of Enxomil – Sociedade Imobiliária S.A.
- Member of the Board of Directors of MCretail, SGPS, S.A.
- Member of the Board of Directors of Efanor Investimentos, SGPS, S.A.
- Member of the Board of Directors of Sonae, SGPS, S.A.
- Member of the Board of Directors of Sonae Capital, SGPS, S.A.
- Member of the Board of Directors of Sonae Sierra, SGPS, S.A.
- Member of the Board of Directors of Fundação Manuel Cargaleiro
- Member of the Board of Directors of Love Letters – Galeria de Arte, S.A.
- Member of the Board of Directors of the Portuguese Association of Industrial Engineering and Management

Professional Experience

- Tecnopor - Structural Design Project Engineer (1982-1984)
- EDP - Eletricidade de Portugal - Manager (1984-1989)
- Sonae Tecnologias de Informação, SA - Leader of the Television Project Team (1989-1991)
- Modelo Continente Hipermercados, SA - Director (1989-2007)
- Sonae Investimentos, SA (currently Sonae – SGPS, SA) Head of Planning and Management Control (1991-1994)
- Sonae Distribuição, SGPS, SA (currently Sonae MC, SGPS, SA) Director of several subsidiaries - Retail (1994-1996)

- Sonae Distribuição, SGPS, SA (currently Sonae MC, SGPS, SA) (1996-2007)
- CFO Sonae Capital, SGPS, SA- Executive Member of the Board of Directors (1996-2007)
- Sonae - SGPS, SA - Member of the Board of Directors, CFO, and Chairman of the Finance Committee (2000-2007)
- Sonae – SGPS, SA - Executive Vice-Chairman of the Board of Directors (2007/April 2015)
- MDS, SGPS, SA - Member of the Board of Directors (Chairman of the Board of Directors since October 2014) (2007/March 2018)
- MDS – Corretor de Seguros, SA - Member of the Board of Directors (2004-2009)
- Sonae Investments BV - Executive Member of the Board of Directors (2005-2016)
- Sontel BV - Executive Member of the Board of Directors (2006-2016)
- Sonaerp – Retail Properties, SA - Chairman of the Board of Directors (2010-2016)
- Sonae – Specialized Retail, SGPS, SA (Merger Sonae MC – Modelo Continente, SGPS, SA) Vice-Chairman of the Board of Directors (2010-2016)
- MDS Auto – Mediação de Seguros, SA - Chairman of the Board of Directors (2010-2016)
- Portuguese Catholic University - Member of the Supreme Counsel (2010-2016)
- Sonae Center Serviços II, SA (currently Sonae MC – Serviços Partilhados, SA) - Member of the Board of Directors (2010-2018)
- Porto Business School Member of the Superior Council (2011-2015)
- Sonaecom - Serviços Partilhados, SA - Chairman of the Board of Directors (2012-2016)
- Sonae RE, SA - Chairman of the Board of Directors (2013-2016)
- Sonaegest – Sociedade Gestora de Fundos de Investimento, SA - Chairman of the Board of Directors (2013-2016)
- Sonae SGPS, SA - Co-CEO (2015-2019)

MIGUEL NUNO SANTOS ALMEIDA
Chairman of the Executive Committee

Qualifications
- Degree in Mechanical Engineering from Faculty of Engineering of the University of Porto
- MBA from INSEAD

Offices held in other companies as of 31.12.2022
- Chairman of the Board of Directors of NOS Comunicações, S.A.
- Chairman of the Board of Directors of NOS Inovação, S.A.
- Chairman of the Board of Directors of NOS Açores Comunicações S.A.
- Chairman of the Board of Directors of NOS Lusomundo Audiovisuais, S.A.
- Chairman of the Board of Directors of NOS Lusomundo Cinemas, S.A.
- Chairman of the Board of Directors of NOS Madeira Comunicações, S.A.
- Chairman of the Board of Directors of NOS Audiovisuais SGPS, S.A.
- Chairman of the Board of Directors of NOS Corporate Center, S.A.
- Chairman of the Board of Directors of NOS Audio - Sales and Distribution, S.A.

Professional Experience
- Chairman of the Executive Committee of Optimus Comunicações, S.A. (2010-2013)
- Member of the Board of Directors and Executive Director of Sonaecom, SGPS, S.A. (2005-2013)

JOSÉ PEDRO FARIA PEREIRA DA COSTA
Executive Director

Qualifications
- Degree in Business Management and Administration from the Portuguese Catholic University
- MBA from INSEAD

Offices held in other companies as of 31.12.2022
- Chairman of the Board of Directors of NOS Mediação de Seguros, S.A.
- Chairman of the Board of Directors of NOS Internacional SGPS, S.A.
- Chairman of the Board of Directors of Teliz Holding, S.A.
- Chairman of the Board of Directors of NOS Technology – Concepção, Construção e Gestão de Redes de Comunicações S.A.
- Chairman of the Board of Directors of NOS Sistemas, S.A.
- Chairman of the Board of Directors of NOS Wholesale, S.A.
- Chairman of the Board of Directors of NOS Property, S.A.
- Chairman of the Board of Directors of Per-Mar, Sociedade de Construções, S.A.
- Chairman of the Board of Directors of Sontária – Empreendimentos Imobiliários, S.A.
- Chairman of the Board of Directors of Lusomundo Imobiliária 2, S.A.
- Chairman of the Board of Directors of Lusomundo Sociedade de Investimentos Imobiliários SGPS, S.A.
- Vice-Chairman of the Board of Directors of Mstar, S.A.

- Member of the Board of Directors of Finstar – Sociedade de Investimentos e Participações, S.A.
- Member of the Board of Directors of NOS Lusomundo Cinemas, S.A.
- Member of the Board of Directors of Dreamia - Serviços de Televisão, S.A.
- Member of the Board of Directors of Dreamia, S.L.
- Member of the Board of Directors of NOS Sistemas España, S.L.
- Member of the Board of Directors of NOS Açores Comunicações S.A.
- Member of the Board of Directors of NOS Madeira Comunicações, S.A.
- Member of the Board of Directors of Upstar Comunicações, S.A.
- Member of the Board of Directors of Big Picture 2 Films, S.A.
- Member of the Board of Directors of Sport TV Portugal, S.A.
- Member of the Board of Directors of NOS Corporate Center, S.A.

DANIEL LOPES BEATO
Executive Director

Qualifications
- Degree in Electronic and Telecommunications Engineering from the University of Aveiro
- MBA Full Time, IESE Business School – Navarra University Barcelona

Offices held in other companies as of 31.12.2022
- Member of the Board of Directors of NOS Comunicações, S.A.
- Member of the Board of Directors of NOS Açores Comunicações S.A.
- Member of the Board of Directors of NOS Madeira Comunicações, S.A.
- Member of the Board of Directors of NOS Technology – Concepção, Construção e Gestão de Redes de Comunicações S.A.
- Member of the Board of Directors of NOS Property, S.A.
- Member of the Board of Directors of NOS Mediação de Seguros, S.A.

Professional Experience
- Marketing Director of B2C at NOS Comunicações S.A.
- Project Leader at the Boston Consulting Group (Aug.2012 - Jan.2015)

FILIPA DE SOUSA TAVEIRA DA GAMA SANTOS CARVALHO
Executive Director

Qualifications
- Member of the Board of Directors of NOS Comunicações, S.A.

- Manager of Empracine - Empresa Promotora de Atividades Cinematográficas, Lda.

Professional Experience
- Member of the Board of Directors of Group Portugal Telecom acting as CFO and responsible for PT Comunicações, PT.COM and PT Prime companies (2002-2007)
- Executive Vice-Chairman of Telesp Celular Participações (2001-2002)
- Member of the Executive Committee of Banco Santander de Negócios Portugal, responsible for Corporate Finance (1997-2000)
- Started his career in 1990 in McKinsey & Company in Portugal and Spain

- Law Degree from the Portuguese Catholic University (Porto)
- Postgraduation in Management for Law graduates, Portuguese Catholic University (Porto)
- MBA in Management, Portuguese Catholic University (Porto)

Offices held in other companies as of 31.12.2022
- Member of the Board of Directors of NOS Comunicações, S.A.
- Member of the Board of Directors of NOS Corporate Center, S.A.
- Member of the Board of Directors of NOS Açores Comunicações S.A.
- Member of the Board of Directors of NOS Madeira Comunicações, S.A.
- Member of the Board of Directors of NOS Audiovisuais, SGPS, S.A.
- Member of the Board of Directors of NOS Lusomundo Audiovisuais, S.A.
- Member of the Board of Directors of NOS Lusomundo Cinemas, S.A.
- Member of the Board of Directors of NOS Audio - Sales and Distribution, S.A.
- Member of the Board of Directors of Sport TV Portugal, S.A.
- Member of the Board of Apritel – Associação dos Operadores de Comunicações Eletrónicas
- Member of the Board of APDC – Associação Portuguesa das Comunicações

Professional Experience
- Director of the Legal and Regulatory area of NOS Corporate Center, S.A.
- Member of the Legal and Regulatory area of Sonaecom, SGPS, S.A. (2003-2013)
- Member of the legal team of Sonaecom, SGPS, S.A. (1998-2003)
- Member of the legal team of the Corporate Finance of Banco Português de Investimento, S.A. (feb.1998 - sep.1998)

JORGE FILIPE PINTO SEQUEIRA DOS SANTOS GRAÇA
Executive Director

Qualifications
- Degree in Business Management and Administration from the Portuguese Catholic University
- MBA from Kellogg School of Management at Northwestern University

Offices held in other companies as of 31.12.2022
- Member of the Board of Directors of NOS Comunicações, S.A.
- Member of the Board of Directors of NOS Açores Comunicações S.A.
- Member of the Board of Directors of NOS Madeira Comunicações, S.A.
- Member of the Board of Directors of NOS Inovação, S.A.
- Member of the Board of Directors of NOS Technology – Concepção, Construção e Gestão de Redes de Comunicações S.A.
- Member of the Board of Directors of NOS Sistemas, S.A.
- Member the Board of Directors of DUALGRID – Gestão de Redes Partilhadas, S.A.

Professional Experience
- Director of ZON TV Cabo responsible for Product and Marketing (2010-2013)
- Director of Product TV of ZON TV Cabo (2007-2010)
- Project Leader at The Boston Consulting Group (2003-2004)

LUÍS MOUTINHO DO NASCIMENTO
Executive Director

Qualifications
- Degree in Business Administration from the Portuguese Catholic University
- MBA from INSEAD

Offices held in other companies as of 31.12.2022
- Member of the Board of Directors of NOS Comunicações, S.A.
- Member of the Board of Directors of NOS Açores Comunicações S.A.
- Member of the Board of Directors of NOS Madeira Comunicações, S.A.
- Member of the Board of Directors of NOS Technology – Concepção, Construção e Gestão de Redes de Comunicações S.A.
- Member of the Board of Directors of NOS Sistemas, S.A.
- Member of the Board of Directors of NOS Inovação, S.A.
- Member of the Board of Directors of NOS Lusomundo Cinemas, S.A.
- Member of the Board of Directors of NOS Lusomundo Audiovisuais, S.A.
- Member of the Board of Directors of NOS Audio - Sales and Distribution, S.A.
- Member of the Board of Directors of NOS Audiovisuais SGPS, S.A.
- Member of the Board of Directors of Dreamia - Serviços de Televisão, S.A.
- Member of the Board of Directors of Dreamia, S.L.
- Member of the Board of Directors of NOS Corporate Center, S.A.
- Member of the Board of Directors of NOS Wholesale, S.A.
- Member of the Board of Directors of NOS Property, S.A.
- Member of the Board of Directors of Per-Mar, Sociedade de Construções, S.A.
- Member of the Board of Directors of Sontária – Empreendimentos Imobiliários, S.A.
- Member of the Board of Directors of Lusomundo Imobiliária 2, S.A.
- Member of the Board of Directors of Lusomundo Sociedade de Investimentos Imobiliários SGPS, S.A.
- Manager of Empracine - Empresa Promotora de Atividades Cinematográficas, Lda.

Professional Experience
- Member of the Executive Committee of Portugal Telecom, responsible for B2C Sales and Marketing (2015-2017)
- Manager of the Home Segment & CRM of Portugal Telecom (2007-2015)
- Non-executive member of the Board of Directors of PT Contact (2011-2014)
- Former Manager of Strategic Marketing at PT Multimedia
- Former Associate and Manager at Diamond Cluster
- Started his career as analyst at McKinsey & Company

MANUEL ANTÓNIO NETO PORTUGAL RAMALHO EANES
Executive Director

Qualifications
- Degree in Management from the Portuguese Catholic University
- MBA from INSEAD

Offices held in other companies as of 31.12.2022
- Member of the Board of Directors of NOS Comunicações, S.A.
- Member of the Board of Directors of NOS Açores Comunicações S.A.
- Member of the Board of Directors of NOS Madeira Comunicações, S.A.

- Member of the Board of Directors of NOS Internacional SGPS, S.A.
- Member of the Board of Directors of NOS Wholesale, S.A.
- Member of the Board of Directors of NOS Sistemas España S.L.
- Member of the Board of Directors of Finstar – Sociedade de Investimentos e Participações, S.A.
- Member of the Board of Directors of Upstar Comunicações, S.A.
- Member of the Board of Directors of Teliz Holding S.A.

Professional Experience

- Executive Director of Optimus Comunicações, SA, responsible for Companies and Operators (2010-2013)
- Former Director at Optimus of Home Wireline, Central Marketing, Data Service, Particular Sales, SMEs and Business Development (1999-2009)
- Started his career in McKinsey & Co. (1995-1999)

ANA RITA FERREIRA RODRIGUES
Non-Executive Director

Qualifications

- Degree in Management from the Faculty of Economics, University of Porto
- Postgraduation in Tax Law at the Faculty of Law of the University of Coimbra
- MBA at Porto Business School

Offices held in other companies as of 31.12.2022

- CFO, APCL Invest, S.A.

Professional Experience

- Manager, PTCG – Consultoria de Gestão, Lda. (2020-2022)
- Project Director, Terra Peregrin, S.A. (2020-2022)
- Member of the Board of Directors of Santoro Finance – Prestação de Serviços, S.A. (2018-2020)
- Project Director, Santoro Finance – Prestação de Serviços, S.A. (2017-2020)
- Manager - Transaction Services, PricewaterhouseCoopers - AG Assessoria de Gestão, Lda. (2015-2017)
- Head of Control and Consolidation Department of Sonaecom, SGPS (2011-2015)
- Associate, Audit, PricewaterhouseCoopers & Associados, SROC, Lda. (2009-2011)

ANTÓNIO BERNARDO ARANHA DA GAMA LOBO XAVIER
Non-Executive Director

Qualifications

- Law Degree
- Master's Degree in Economic Law by the University of Coimbra

Offices held in other companies as of 31.12.2022

- Partner at Morais Leitão, Galvão Teles, Soares da Silva & Associados
- Chairman of the Board of the General Meeting of Têxtil Manuel Gonçalves S.A.
- Chairman of the Board of the General Meeting of Mysticinvest – Holding, S.A.
- Vice-Chairman of the Board of Directors of Banco BPI, SGPS, S.A.
- Director of BA Glass – Serviços de Gestão e Investimento, S.A.
- Member of the Board of Directors of Riopele, S.A.
- Member of the Board of Trustees of Fundação Belmiro de Azevedo
- Chairman of the Board of the General Meeting of Greenvolt – Energias Renováveis, S.A.
- Council of State (since 07.04.2016)

Professional Experience

- Assistant at Faculty of Law of the University of Coimbra, where he taught Political Economy and Public Finance (1983–1988)
- Assistant at Faculty of Law of the University of Coimbra, responsible for the theoretical courses of Administrative and Tax Law (1988–1994)
- Professor of the European Studies Course, of the Faculty of Law of the University of Coimbra, where he co-chaired the Political Finances and Tax Harmonisation (1988-1994)
- Guest professor of the Law Department in the Portucalense University (1988-1994)
- Executive director of SIVA, SGPS, responsible for taxes and investors relationship (1996-1999)
- Member of the Board of Directors of FC Porto – SAD (2000-2002)
- Since 1985, he acted as an independent legal consultant;
- Since 2006, Partner at "Morais Leitão, Galvão Teles, Soares da Silva & Associados – Sociedade de Advogados
- Non-executive member of Sonaecom, SGPS, S.A. (2017-2018)
- Executive director of Sonaecom, SGPS, S.A. (2004–2010)
- Vice-Chairman of the Board of Directors of Fundação de Serralves (2000–2010)
- Non-executive member of the Board of Directors of Público, S.A. (200 -2016)

- Non-executive member of the Board of Directors of PCJ – Público, Comunicação, Jornalismo, S.A. (2010–2016)
- Non-executive member of the Board of Directors of Sonae IM, SGPS, S.A. (2010–2016)
- Chairman of the Retirement Committee of IRC (2013)

CATARINA EUFÉMIA AMORIM DA LUZ TAVIRA VAN-DÚNEM
Non-Executive Director

Qualifications
- Degree in Management and Company Organisation from Instituto Universitário de Lisboa, ISCTE Instituto Superior de Ciências do Trabalho e da Empresa

Offices held in other companies as of 31.12.2022
- Executive Director of Finstar / ZAP
- General Coordination of the TV content production studios at ZAP
- Executive Member of the Marketing and Product team which she created, launched and currently manages in ZAP, the company engaged with the distribution of TV channels via satellite in Angola and Mozambique

Professional Experience
- Led the Products and Services team of Unitel, the leading telecommunications operator in Angola (2005-2009)
- Created the customer's new services area of Unitel, the leading telecommunications operator in Angola (2005-2009)
- Started her career in the USA as assistant manager in Sentis and Coral, partners of Shell Oil USA (2003-2005)

CRISTINA MARIA DE JESUS MARQUES
Non-Executive Director

Qualifications
- Degree in Economics from Higher Institute of Economics and Management
- Master of science in Business Administration, with specialisation in Finance at CATÓLICA-LISBON School of Business and Economics
- Disciplined Entrepreneurship at MIT Sloan School of Management (Massachusetts Institute of Technology)
- MBA candidate - the Lisbon MBA Católica | Nova

Offices held in other companies as of 31.12.2022
- Strategy&Insights Iberia at Cabot Financial (Encore Capital Group)

Professional Experience
- Member of the Board of Directors of NOS, SGPS, S.A. (since 23.03.2020)
- Manager of Terra Peregrin, S.A. (2020-2022)
- Project Manager of Santoro-Finance – Prestação de Serviços, S.A. (2016-2020)
- Business Consultant of Capgemini Consulting (2013-2016)
- Controller of the Information Systems Department of Energias de Portugal (EDP) (2011-2012)

EDUARDO ANTÓNIO SALVADOR VERDE RODRIGUES PINHO
Non-Executive Director

Qualifications
- Law Degree

Offices held in other companies as of 31.12.2022
- Partner and Director at Morais Leitão, Galvão Teles, Soares da Silva & Associados - Sociedade de Advogados

Professional Experience
- Member of the Board of Directors of Englimo - Empreendimentos Imobiliários, S.A.
- Founding Partner of Osório de Castro, Verde Pinho, Vieira Peres, Lobo Xavier & Associados - Sociedade de Advogados
- Chairman of the Board of Trustees of Romão de Sousa Foundation

JOÃO PEDRO MAGALHÃES DA SILVA TORRES DOLORES
Non-Executive Director

Qualifications
- Degree in Economics from University of Porto, Faculty of Economics
- MBA from London Business School

Offices held in other companies as of 31.12.2022
- Chief Financial Officer at Sonae, SGPS, S.A.
- Chairman of the Board of Directors of MKTPlace – Comércio Eletrónico, S.A.
- Executive Director of Sontel, BV
- Executive Director of Sonae Investments, BV
- Executive Director of Sonae Holdings, S.A.
- Executive Director of Sonae Corporate, S.A.
- Executive Director of Sonaecom, SGPS, S.A.
- Member of the Board of Directors of MCretail, SGPS, S.A.
- Member of the Board of Directors of Sonae Sierra, SGPS, S.A.
- Member of the Board of Directors of Universo, IME, S.A.
- Member of the Board of Directors of Iberian Sports Retail, S.L.
- Member of the Board of Directors of Sparkfood, S.A.

Professional Experience
- Manager of Strategic Planning and Management Control of Sonae, SGPS, S.A. (2014-2018)
- Manager of Cloud Business Unit of Portugal Telecom, SGPS, S.A. (2013-2014)
- Sub-Manager of Innovation Management of Portugal Telecom, SGPS, S.A. (2011-2013)
- Senior Associate at McKinsey & Company (2005-2011)
- Brand Manager at JW Burmester & Ca, S. (2003-2004)

MARIA CLÁUDIA TEIXEIRA DE AZEVEDO
Non-Executive Director

Qualifications
- Degree in Management from the Portuguese Catholic University
- MBA from INSEAD

Offices held in other companies as of 31.12.2022
- CEO of Sonae, SGPS, S.A.
- Member of the Board of Directors of Sonae MC, SGPS, S.A.
- Member of the Board of Directors of Sonae Sierra, SGPS, S.A.
- Member of the Board of Directors of Sonae FS, S.A.
- Member of the Board of Directors of Sonae Holdings, S.A.
- Member of the Board of Directors of SONAECOM – SGPS, S.A.
- Member of the Board of Directors of ZOPT, SGPS, S.A.
- Member of the Board of Directors of SONAE INVESTMENT MANAGEMENT - SOFTWARE AND TECHNOLOGY, SGPS, S.A.
- Member of the Board of Directors of Público - Comunicação Social, S.A.
- Chairman of the Board of Directors of Sonae Food4Future, S.A.
- Member of the Board of Directors of Sonae Indústria, SGPS, S.A.
- Member of the Board of Directors of SONAE CAPITAL, SGPS, S.A.
- Member of the Board of Directors of EFANOR – Serviços de Apoio à Gestão, S.A.
- Member of the Board of Directors of EFANOR – Investimentos SGPS, S.A.
- Member of the Board of Directors of SEKIWI, SGPS, S.A.
- Member of the Board of Directors of Setimanale SGPS S.A.
- Member of the Board of Directors of Casa Agrícola de Ambrães, S.A.
- Member of the Board of Directors of Realejo – Sociedade Imobiliária, S.A.
- Member of the Board of Directors of IMPARFIN – Investimentos e Participações Financeiras, S.A.
- Chairwoman of the Board of Directors of LINHACOM, SGPS, S.A.
- Chairwoman of the Board of Directors of Praça Foz - Sociedade Imobiliária, S.A.
- Manager of Tangerine Wish, Lda.

Statutory Independent Audit Board

JOSÉ PEREIRA ALVES
Chairman

Qualifications

- Degree in Economics from Faculty of Economics of the University of Porto.

Offices held in other companies as of 31.12.2022

- Chairman of the Audit Committee of Corticeira Amorim, SGPS, S.A.
- Chairman of the Statutory Independent Audit Board of The Fladgate Partnership, S.A.
- Chairman of the Statutory Independent Audit Board of Galp Energia, SGPS, S.A.
- Chairman of the Statutory Independent Audit Board of SIERRAGEST - Gestão de Fundos, SGOIC, S.A.

Professional Experience

- Member of the Statutory Independent Audit Board of GMG – Grupo Manuel Gonçalves, SGPS, S.A. (June 2019 - May 2021)
- Member of the Statutory Independent Audit Board of Gestmin SGPS, S.A. (March 2017 – December 2018)
- Ceased to be a partner of PwC Portugal (30 June 2016)
- Assumed the leadership of PwC in Portugal, as Territory Senior Partner – President (1 July 2011 – 30 June 2015)
- Joined once more the management body of PwC in Portugal, as Territory Human Capital Partner, as well as being responsible for the area of Knowledge Management (since 1 July 2007)
- He was a faculty member on the MBA in Finance at the Faculty of Economics of Porto University (2004-2008)
- Joined the Territory Leadership Team, management body of PwC in Portugal, taking responsibility for the areas of Learning & Development and Audit Methodology (2001-2003)
- He was responsible for the coordination of the Postgraduate Course in Auditing at ISAG (2000-2002)
- On 1 January 1994, he became a partner in PricewaterhouseCoopers (PwC), and for over 22 years was responsible for the coordination of audit work and auditing of accounts for several groups, including Amorim, RAR, Salvador Caetano, Nors, Ibersol, TAP, CTT, Semapa and Jerónimo Martins, among others.
- In 1993, he became a partner of Bernardes, Sismeiro & Associados, SROC.
- In 1990, after a professional qualification examination, he became a Statutory Auditor, registered on the official list of the, then, Chamber of Chartered Accountants and became an employee of the Statutory Auditing Firm Boto, Amorim & Associados, SROC.
- He started his professional activity in 1984 as an audit officer at the international audit firm Coopers & Lybrand and was responsible for the implementation and control of several financial audits, analysis of internal control systems and accounting procedures.

PATRÍCIA TEIXEIRA LOPES
Member

Qualifications

- Sustainable Management Degree: A Leadership Expedition to the Future, Porto Business School, 2020
- Orchestrating Winning Performance Program course, IMD Business School, June 2019
- Doctorate in Business Science from the University of Porto, Faculty of Economics (FEP)
- Master's Degree in Business Science, with an expertise in Financing (FEP)
- Degree in Management (FEP)

Offices held in other companies as of 31.12.2022

- Vice-Dean of Porto Business School
- Member of the Sustainability Committee of Porto Business School
- Member of the Remuneration Committee of Caixa Geral de Depósitos
- Non-executive director of the BIAL Foundation
- Member of the Board of Trustees of the Santander Foundation.

Professional Experience

- Pro-Dean of University of Porto, in charge of strategic planning and management (2008-2015)
- Member of the BIOPOLIS Installation Committee, Centre of Excellence for Basic and Environmental Biology, Ecosystem Monitoring and AgroBiodiversity (2020-2021)

- Chairman of the Statutory Independent Audit Board of the José Marques da Silva Foundation Institute (2012-2016)
- Member of the General Council of INESC Porto – TEC (2012-2015)
- Member of the Statutory Independent Audit Board of the Fundação Ciência e Desenvolvimento (2008-2012)
- Member of the Board of UPTEC – Associação para o Desenvolvimento do Parque de Ciência e Tecnologia da University of Porto (2008-2009)
- Director of the Instituto Mercado de Capitais da Euronext Lisboa (1999-2002)
- Author of several papers on national and international professional and academic magazines, regular speaker in conferences in its areas of expertise

PAULO CARDOSO CORREIA DA MOTA PINTO
Member

Qualifications

- Degree, Master's, and Doctorate in Civil Law Sciences at Faculty of Law, University of Coimbra

Offices held in other companies as of 31.12.2022

- Professor at the Faculty of Law of the University of Coimbra. He has also taught and given lectures in the field of private law at other universities in Portugal and abroad (Brazil, Angola, Mozambique, Macau, Spain, Germany, etc.)
- Member of various Master's and Doctorate panels, particularly in the field of private law, sometimes as examiner. He has published studies (articles and books) mainly in the field of civil law and fundamental rights and has written preliminary drafts of laws (such as the legal rules governing the sale of consumer goods and direct-mail advertising)
- Legal adviser and arbitrator. In this latter capacity, he has chaired or been a member of adhoc arbitral tribunals, set up by the Centres for Commercial Arbitration of the Associação Comercial do Porto and the Associação Comercial de Lisboa or for the International Court of Arbitration of the International Chamber of Commerce

Professional Experience

- He was Chairman of the General Meeting of the Caixa Geral de Depósitos (2016-2021)
- Chairman of the Intelligence Oversight Committee of the Portuguese Republic, elected by the Assembly of the Republic (mar.2013 - dec.2017)
- Former Member of Parliament, Chairman of the Parliamentary Budget and Finance Committee of the 11th Legislature (nov.2009 - apr.2011), and Chairman of the European Affairs Committee, of the 12th Legislature (jun.2011- oct2015)
- Former Vice-Chairman of the National Political Committee of the PSD (2008-2010)
- Constitutional Court Judge, elected by the Assembly of the Republic (11.mar.1998 – 4.apr.2007)
- Former Legal Advisor of BPI - Banco Português de Investimento (1991-1998)

ANA LUÍSA NABAIS ANICETO DA FONTE
Alternate Member

Qualifications

- Degree in Business Management and Administration from the Faculty of Economics and Management of the Portuguese Catholic University
- Advanced Training in Taxation by the Portuguese Catholic University
- Member of the Portuguese Institute of Statutory Auditors and the Portuguese Chartered Accountants Association

Offices held in other companies as of 31.12.2022

- Partner at the Statutory Auditing Firm Ana Fonte & Associados
- Member of the Statutory Independent Audit Board of SDSR – Sports Division SR, S.A.
- Member of the Statutory Independent Audit Board of the Sociedade Gestora dos Fundos de Pensões do Banco de Portugal, S.A.
- Member of the Statutory Independent Audit Board at MARTIFER, SGPS, S.A. (substitute)
- Representative of the Portuguese Institute of Statutory Auditors in the "Young Professionals" working group of Accountancy Europe (ended at the beginning of 2021)
- Assistant to the Director of the Northern Regional Services of the Portuguese Institute of Statutory Auditors (ended at the beginning of 2021)
- Since 2016, she has collaborated with the technical department of the Portuguese Institute of Statutory Auditors in the revision of regulations applicable to the profession (ended at the beginning of 2021)

- Since 2011, she has been teaching the audit modules of the Preparation Course for Statutory Auditor and she is also a trainer for several audit training sessions organised by the Portuguese Institute of Statutory Auditors as part of the continuous training of Statutory Auditors (ended at the beginning of 2021)
- In collaboration with the Portuguese Institute of Statutory Auditors, she is an audit trainer on the preparation course for Admission to the College of Certified Auditors of the Mozambican Order of Accountants and Auditors (ended at the beginning of 2021)
- She is a lecturer in auditing on the Degree in Management, as well as on the Master's Degree in Auditing and Taxation and the Financial Information and Business Performance course of the Master's Degree in Management at the Portuguese Catholic University

Professional Experience

- Worked at Grant Thornton's Porto office (2010-2016)
- Ernst & Young (Mozambique) (2007)
- Auditor at PricewaterhouseCoopers – PwC (2001)

Remuneration Committee

JOSÉ CÔRTE-REAL
Chairman

Qualifications

- Degree in Psychology and Education Science
- 1996 PADE - High Corporate Management Program

Offices held in other companies as of 31.12.2022

- HR Consultant
- Director - Fundação Belmiro de Azevedo
- Member of the Advisory Board of Edulog.

Professional Experience

- Chief Human Resources Officer (CHRO) of Sonae (2015–2019)
- Chairman of the Consultive Group of Human Resources Sonae (2013–2019)
- Executive Director of Sonae MC / Sonae SR (2001–2015)
- Chief Human Resources Officer of Sonae Distribuição (1993–2001)
- Chief Human Resources Officer of Modelo Continente Hipermercados (1990–1993)
- Chief Human Resources Officer of Modis, Distribuição Centralizada (1988–1990)
- Personnel Director ED. Ferreirinha & Irmão, Motores e Máquinas EFI Feruni - Sociedade de Fundição (1981–1988)

MÁRIO FILIPE MOREIRA LEITE DA SILVA
Member

Qualifications

- Degree in Economy from Porto's Faculty of Economics
- Theoretical part of the Master's Degree in Business Science, with an expertise in Financing

Offices held in other companies as of 31.12.2022

- Member of the Board of Directors of LIVREFLUXO, S.A.

Professional Experience

- Member of the Board of Directors of NOS, SGPS, S.A. (2009-2020)
- Chairman of the Board of Directors of BFA - Banco Fomento Angola (2017-2020)
- Chairman of the Board of Directors of Efacec Power Solutions, SGPS, S.A. (2015-2020)
- Member of the Board of Directors of ZOPT, SGPS, S.A. (2009-2022)
- Member of the Board of Directors of Kento Holding Limited (2009-2021)
- Member of the Board of Directors of Banco BPI, S.A. (2013-2017)
- Member of the Auditing and Internal Control Committee of Banco BPI, S.A. (2011-2017)
- Chairman of the Board of Directors of Fidequity – Serviços de Gestão, S.A. (2006-2020)
- Chairman of the Board of Directors of Santoro Financial Holding, SGPS, S.A. (2006-2020)
- Administrative Director and CFO of Américo Amorim Group (2002-2006)
- CFO of Grundig Auto-Rádios Portugal (1999-2001)
- Lecturer at the Portuguese Catholic University (1997-2001), at the Porto Business School (2013-2020) and at the Porto Accounting and Business School (since 2022)
- Team Manager in the Audit Department of PricewaterhouseCoopers (1996-1999)
- Analyst in the Analysis and Credit Risks Control Department of BNC – Banco Nacional de Crédito (1995-1996)

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