



Quarterly Report and Accounts

1Q 2024





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Management Report



Governing Bodies

At the date of this report, 14th of May 2024, the Governing Bodies were made up as follows:

Board of Directors

Chairman of the Board of Directors	Ángelo Paupério
Chairman of the Executive Committee	Miguel Almeida
Members of the Executive Committee	José Koch Ferreira, CFO Daniel Beato Filipa Santos Carvalho Jorge Graça Luís Nascimento Manuel Ramalho Eanes

Members

António Lobo Xavier
Catarina Távira Van-Dúnem
Cláudia Azevedo
Cristina Marques
Eduardo Verde Pinho
João Torres Dolores
Ana Rita Rodrigues

Fiscal Board

Chairman of the Fiscal Board	José Pereira Alves
Members	Patricia Teixeira Lopes Paulo Mota Pinto
Alternate Member	Ana Luísa Aniceto da Fonte

Officials of the General Meeting of Shareholders

Chairman	António Agostinho Guedes
Secretary	Daniela Baptista

Statutory Auditor

In Office	KPMG & ASSOCIADOS - Sociedade de Revisores Oficiais de Contas, S.A., inscrita na CMVM sob o número 20161489, representada por Pedro Jorge Quental e Cruz (ROC n.º 1765)
Alternate	Luís Miguel Pedrosa Guerra (ROC n.º 1769)

Message from Miguel Almeida, CEO

“As we progress into 2024, NOS continues to build on the strategic decisions that have been significantly shaping our path. With the intense investment phase in 5G now behind us, our focus has turned towards leveraging this technology to enhance our service offerings, and to drive efficiencies across operations and services through our transformation programme fostered by AI. Our sustained growth in the first quarter of 2024 reflects our strong commitment to innovation, superior customer service and value proposition. These elements are crucial as we navigate the dynamic market environment and strive to deliver enhanced value to our shareholders and customers alike”.

Highlights of 1Q24 results

Core Revenue growth across all segments, particularly in B2B, driving continuing improvement in FCF generation:

- Consolidated Revenue up 5.7% in 1Q24, led by robust Telco and A&C performance;
- EBITDA AL increased by 6.3% in 1Q24 to 155.3 million euros;
- EBITDA AL – CAPEX increased 29.0% to 63.4 million euros;
- Underlying FCF growth of 20.4 millions euros to 59.1 million euros;

Table 1.

2024 1Q highlights	1Q24 (M€)	yoy (%)
Consolidated Revenues	403.3	5.7%
Consolidated EBITDA AL	155.3	6.3%
Consolidated EBITDA AL - CAPEX	63.4	29.0%
Underlying FCF ¹	59.1	52.6%

¹) Excluding activity fees recorded in 1Q24 and VAT related to tower deals in 1Q23

Strategic execution continues to shape positive trajectory

Strong effort to provide best in class solutions aligned with strategic ambitions to offer best mobile and nationwide fixed network continues to drive operational results. At the end of 1Q24, our 5G network covered over 96% of the population and our FttH coverage increased by 170k to 76.7% of total households.

Our performance is mirrored across all business lines, with significant growth in total RGUs to 11.069 million. The mobile segment led with 43k net additions in 1Q24, with all remaining services posting positive NAs. In fixed, we continued to expand our customer base across all services despite already high levels of penetration in Portugal, well above 90% in both PayTV and Broadband at the end of 2023.

In the B2B segment, NOS continues to make significant inroads with innovative cloud and IT-based solutions which are propelling underlying revenue growth. Our position as a preferred partner for business transformation is reinforced by our leading technological base and proactive engagement with the innovation and development ecosystem, paving the way for future growth.

Our cinema operations enjoyed a resurgence in attendance, with a 14.7% increase in ticket sales yoy, spurred by blockbuster hits such as Dune II and Bob Marley – One love.

Operating and Financial Review

The Consolidated Financial Statements for 1Q24 have been subject to a limited review.

As from 1Q23 we started to focus our review of operational profitability on EBITDA AL, equivalent to pre IFRS16 EBITDA. As previously guided, we will no longer include EBITDA in our summary financial statements.

Table 2.

Profit and Loss Statement (Millions of Euros)	1Q23	1Q24	1Q24 / 1Q23
Operating Revenues	381.4	403.3	5.7%
Telco	369.2	389.0	5.4%
Consumer Revenues	263.9	276.9	4.9%
Business Revenues	80.9	87.0	7.6%
Wholesale and Others	24.4	25.1	2.8%
Audiovisuals & Cinema	20.4	22.8	11.6%
Others and Eliminations	(8.2)	(8.5)	3.7%
Operating costs Excluding D&A AL	(235.2)	(248.0)	5.4%
Telco	(230.2)	(241.8)	5.0%
Audiovisuals & Cinema	(13.2)	(14.6)	11.2%
Others and Eliminations	8.2	8.5	3.7%
EBITDA AL⁽¹⁾	146.2	155.3	6.3%
EBITDA AL margin	38.3%	38.5%	0.2pp
Telco	138.9	147.2	6.0%
EBITDA AL margin	37.6%	37.8%	0.2pp
Audiovisuals & Cinema	7.2	8.1	12.3%
EBITDA AL margin	35.5%	35.7%	0.2pp
Leasings	(27.4)	(29.1)	6.4%
Telco	(24.7)	(26.7)	7.8%
Cinema Exhibition and Audiovisuals	(2.6)	(2.5)	(6.8%)
Depreciation and Amortization	(120.4)	(122.3)	1.6%
(Other Expenses) / Income	(0.5)	31.3	(6394.8%)
Operating Profit (EBIT)⁽²⁾	52.6	93.4	77.4%
Share of profits (losses) of associates and joint ventures	2.5	2.7	6.6%
(Financial Expenses) / Income	(13.0)	(20.7)	59.9%
Leases Financial Expenses	(7.4)	(8.3)	11.1%
Funding & Other Financial Expenses	(5.5)	(12.5)	125.1%
Income Before Income Taxes	42.2	75.4	78.6%
Income Taxes	(7.1)	(7.5)	5.2%
Net Income Before Associates & Non-Controlling Interests	32.5	65.1	100.3%
Net income	35.0	67.8	93.5%
Net income attributable to Non-controlling interests	0.1	(0.0)	(106.9%)
Net Income attributable to NOS shareholders	34.9	67.8	94.3%

(1) EBITDA AL = Operating Profit AL + Depreciation and Amortization + Integration Costs + Net Losses/Gains on Disposal of Assets + Other Non-Recurent Losses/Gains

(2) EBIT = Income Before Financials and Income Taxes.

Note: In 1Q24 B2C and B2B revenues have been restated to reflect a more accurate allocation between segments.

+5.7% Consolidated Revenue with positive contributions across all Telco segments and A&C

1Q24 marked a substantial yoy increase in consolidated revenues, with 5.7% growth to 403.3 million euros, testament to the robust performance of all our Telco segments, coupled with ongoing improvements in our Audiovisuals and Cinema operations.

Telco revenues improved 5.4% yoy to 389.0 million euros. B2C revenues saw a rise of 4.9% in 1Q24, driven by RGU growth and a continued improvement in value mix, reflected in 3.5% increase in residential ARPU to 50.8 euros, and an increase in stand-alone B2C customers revenues. Additionally, the B2B segment experienced revenue growth of over 7.6% to 87.0 million euros, fostered particularly by strong Corporate performance, up 9.3% yoy. Notably, low-margin project-based contracts had little impact on 1Q24 results and annual comparisons. The Wholesale and Other segment recorded a positive revenue performance in 1Q24, increasing 2.8% yoy to 25.1 million euros.

Our cinema exhibition and movie distribution business saw an increase in revenues of 11.6% in 1Q24 to 22.80 million euros. Cinema revenues grew 15.8% yoy, driven primarily by strong ticket sales, +14.7% yoy. These results are particularly noteworthy as Revenues surpassed 1Q19 levels by 6.8%, the best ever year for cinema sales.

Table 3.

Operating Indicators	1Q23	1Q24	1Q24 / 1Q23
Cinema			
Revenue per Ticket - box office (Euros)	6.1	6.1	1.5%
Tickets Sold - NOS ('000)	1,501.7	1,722.6	14.7%
Tickets Sold - Total Portuguese Market ⁽¹⁾ ('000)	2,332.8	2,673.9	14.6%
Screens (units)	214	214	0.0%

(1) Source: ICA - Portuguese Institute For Cinema and Audiovisuals

+6.3% Consolidated EBITDA AL leveraged by revenue growth and ongoing cost management

Consolidated EBITDA AL for 1Q24 grew 6.3%, with Telco EBITDA AL increasing by 6.0% and Audiovisuals & Cinema EBITDA AL by 12.3%. Consolidated OPEX AL increased by 5.4% yoy to 248.0 million euros, with structural optimizations and business transformation initiatives helping to mitigate ongoing inflationary pressures. Telco OPEX AL increased by 5.0%, driven primarily by an increase in activity related direct costs, higher yoy energy costs and some inflationary impact on internal wages and salaries and outsourced staff related costs. Audiovisuals & Cinema OPEX AL also increased, by 11.2%, again driven by higher levels of activity.

Within Direct costs one of the main drivers was activity in the B2B segment in particular relating to IT and Rental projects. Non-Direct, operating and structure costs were negatively impacted by Supplies and external services, with energy costs posting an increase yoy, due to higher regulated energy prices in the Portuguese market. On the positive side, due to our ongoing transformation programme, we were able to implement structural efficiencies in some areas, namely in call center and customer related costs with decreased activity needs. Leasing costs increased by 6.4%, impacted by inflationary adjustments with Cellnex, capped at 2%, and an increase in ran sharing sites.

Revenue and OPEX AL performance during the quarter led to improved operational profitability, elevating EBITDA AL margin by 0.2pp to 38.5%.

+30.8% growth in Net Results to 45.7 million euros, excluding positive one-off of 22.2 million euros

After adjustments for an additional receival of activity fees related with a favourable court ruling, originally reported in 4Q23, of 31.7 million euros (9.5 taxes, 22.2 post tax), Net Income increased by 30.8% to 45.7 million euros. This growth reflects strong performance of our operations, with EBITDA AL growth of 6.3%, more than compensating the negative effect of the higher interest rate environment on Net Financial Expenses, which saw an increase of 59.9% to 20.7 million euros, nevertheless slightly below 4Q23 levels due to Index adjustments. Net results increased to 67.8 million euros.

-5.2% decrease in Total CAPEX to 92.0 million euros, -14.1% in Network expansion CAPEX

Following the intensive period of 5G network rollout, our investment in 1Q24 continued the downtrend of 5.2% to 92.0 million euros. Telco CAPEX decreased 6.8% yoy, driven by the completion of 5G deployment as guided (96% of population coverage). At these more normalized levels of CAPEX, NOS continues to extend its' FttH coverage within the context of its' sharing and wholesale agreements, and at the end of 1Q24 NOS FttH footprint represented 76.7% of total 5.5 million households. Customer related CAPEX decreased by 7.9% yoy to 36.1 million euros, reflecting an optimization of new CPEs installed. As a proportion of Telco Revenues, in 2023, Technical CAPEX amounted to 12.9%, down from 14.5% in 1Q23.

Table 4.

CAPEX (Millions of Euros) ⁽¹⁾	1Q23	1Q24	1Q24 / 1Q23
Total CAPEX Excluding Leasing Contracts & Other Contractual Rights	97.0	92.0	(5.2%)
Telco	92.6	86.3	(6.8%)
% of Telco Revenues	25.1%	22.2%	(2.9pp)
o.w. Technical CAPEX	53.4	50.2	(6.0%)
% of Telco Revenues	14.5%	12.9%	(1.6pp)
Baseline Telco	39.1	37.9	(3.1%)
Network Expansion / Substitution and Integration Projects and Others	14.4	12.4	(14.1%)
o.w. Customer Related CAPEX	39.2	36.1	(7.9%)
% of Telco Revenues	10.3%	9.0%	(1.3pp)
Audiovisuals and Cinema Exhibition	4.4	5.6	28.3%
Leasing Contracts & Other Contractual Rights	29.1	13.5	(53.5%)
Total Group CAPEX	126.1	105.5	(16.3%)

⁽¹⁾ CAPEX = Increase in tangible and intangible fixed assets, contract costs and rights of use
Note: In 1Q24 Network and Baseline CAPEX have been restated to reflect a more accurate allocation

+20.4 million euros of underlying Free Cash Flow growth

Operating FCF increased 56.8% led by strong EBITDA AL performance, lower investment as explained above and a positive net working variation in the quarter. Due to the globally higher interest rate environment, interest payments were higher by 3.5 million euros at 8.2 million euros.

In addition, yoy comparisons of total Free Cash Flow were positively impacted by a couple of one-off effects, namely: i) receipt of 20.2 million euros relating to activity fees due to the favourable court ruling as announced in 4Q23 and ii) the tower sale VAT payment in 1Q23 of 10.4 million euros.

Combining these effects, total Free Cash Flow increased by 51.0 million euros to 79.3 million euros, with underlying growth of 53.1% to 59.1 million euros.

Table 5.

Cash Flow (Millions of Euros)	1Q23	1Q24	1Q24 / 1Q23
EBITDA AL	146.2	155.3	6.3%
Total CAPEX Excluding Leasings & Other Contractual Rights	(97.0)	(92.0)	(5.2%)
EBITDA AL - Total CAPEX Excluding Leasings & Other Contractual Rights	49.1	63.4	29.0%
% of Revenues	12.9%	15.7%	2.8pp
Non-Cash Items Included in EBITDA AL - CAPEX and Change in Working Capital	(5.2)	5.3	(202.9%)
Operating Cash Flow	44.0	68.7	56.4%
Interest Paid	(4.7)	(8.2)	74.0%
Income Taxes Paid	0.0	(0.2)	(454.4%)
Disposals	0.3	0.1	(50.1%)
Other Cash Movements ⁽¹⁾	(11.2)	18.8	(268.6%)
Total Free Cash-Flow Before Dividends, Financial Investments and Own Shares Acquisition	28.4	79.3	179.6%
Financial Investments	0.1	0.1	58.9%
Acquisition of Own Shares	(4.4)	(3.2)	(26.9%)
Dividends	0.0	0.0	n.a.
Free Cash Flow	24.0	76.2	217.3%
Debt Variation Through Financial Leasing, Accruals & Deferrals & Others	(1.0)	(1.9)	90.9%
Change in Net Financial Debt	23.0	74.3	222.8%

(1) Includes Cash Restructuring Payments and Other Cash Movements.

Reinforced Capital Structure.

At the end of 1Q24, Net Financial Debt / EBITDA AL stood at 1.66x, well below our strategic funding target level of around 2x. Net Financial Debt amounted to 1,015 million euros with total Debt including lease contracts (according to IFRS 16) at 1,716 million euros. Available unissued commercial paper facilities of 345 million euros and Cash and Equivalents of 13 million euros provide a very comfortable liquidity position of 358 million euros.

Due to the continuous high interest rate environment, average all-in cost of debt reached 4.1% in 1Q24. At 31 March 2024, 28% of NOS' debt was issued at fixed rate and an additional 37% was covered by interest rate collars. Total average maturity of debt at 31 March stood at 2 years and 8 months. Currently, more than 90% of NOS' total financial debt, is linked to ESG performance targets, reiterating our commitment to achieve NOS' global sustainability performance ambition.

Table 6.

Balance Sheet (Millions of Euros)	1Q23	1Q24	1Q24 / 1Q23
Non-current Assets	2,930.1	2,863.9	(2.3%)
Current Assets	558.5	598.9	7.2%
Total Assets	3,488.6	3,462.9	(0.7%)
Total Shareholders' Equity	1,083.3	1,061.3	(2.0%)
Non-current Liabilities	1,382.7	1,542.2	11.5%
Current Liabilities	1,022.6	859.4	(16.0%)
Total Liabilities	2,405.3	2,401.5	(0.2%)
Total Liabilities and Shareholders' Equity	3,488.6	3,462.9	(0.7%)

Table 7.

Net Financial Debt (Millions of Euros)	1Q23	1Q24	1Q24 / 1Q23
Short Term	342.9	199.4	(41.8%)
Medium and Long Term	649.4	828.8	27.6%
Total Debt	992.3	1,028.2	3.6%
Cash and Short Term Investments	23.1	13.1	(43.4%)
Net Financial Debt ⁽¹⁾	969.2	1,015.1	4.7%
Net Financial Debt / EBITDA after lease payments (last 4 quarters) ⁽²⁾	1.74x	1.66x	(0.0pp)
Leasings and Long Term Contracts	638.9	620.1	(2.9%)
Net Debt	1,608.1	1,635.2	1.7%
Net Debt / EBITDA (last 4 quarters)	2.42x	2.25x	(0.07pp)
Net Financial Gearing ⁽³⁾	59.8%	60.6%	1.5%

(1) Net Financial Debt = Borrowings - Leasings - Cash

(2) EBITDA After Lease Payments = EBITDA - Lease Cash Payments (Capital & Interest)

(3) Net Financial Gearing = Net Debt / (Net Debt + Total Shareholders' Equity).

General Meeting and Shareholder Remuneration

DPS of 0.350 euros approved in AGM and paid on 24 April 2024.

On 12 April 2024, NOS' held its Annual General Meeting. All points on the agenda were approved and as a result, NOS' shareholders approved an ordinary dividend payment of 35.0c per share, confirming NOS' strategic guidance of delivering a consistently attractive and sustainable level of shareholder remuneration. Payment of the total dividend was made on 24 April 2024.

Upon payment of this dividend, NOS maintains a solid capital structure, remaining below its target net debt ratio of 2x NFD / EBITDA AL. NOS remains robustly positioned to meet future investments and committed to continuing to distribute an attractive level of dividends whilst maintaining a strategic focus on preserving a strong capital structure to support continued delivery of sustainable value creation for shareholders.

02

**Interim Condensed
Consolidated Financial
Statements**

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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.

Condensed consolidated statement of the financial position

At 31 March 2023, 31 December 2023 and 31 March 2024

(Amounts stated in thousands of euros)

	Notes	31-03-2023	31-12-2023	31-03-2024
Assets				
Non-current assets:				
Tangible assets	7	1,105,945	1,093,584	1,088,734
Investment property		511	349	255
Intangible assets	8	1,205,040	1,207,946	1,191,903
Contract costs	9	161,105	158,406	158,630
Rights of use	10	308,447	307,090	302,221
Investments in jointly controlled companies and associated companies	11	41,311	29,440	32,895
Accounts receivable - other	12	4,574	4,364	4,401
Tax receivable	13	262	51	49
Other financial assets non-current	14	5,286	6,028	6,650
Deferred income tax assets	15	87,459	81,906	71,750
Derivative financial instruments	20	10,111	5,583	6,463
Total non-current assets		2,930,051	2,894,747	2,863,951
Current assets:				
Inventories	16	70,570	48,215	44,577
Accounts receivable - trade	17	318,200	340,780	344,269
Contract assets	18	61,045	47,011	42,154
Accounts receivable - other	12	18,181	38,594	50,710
Tax receivable	13	7,163	37,050	39,934
Prepaid expenses	19	60,237	44,425	55,412
Derivative financial instruments	20	-	-	389
Cash and cash equivalents	21	23,121	18,158	13,097
Assets held for sale	46	-	-	8,380
Total current assets		558,517	574,233	598,922
Total assets		3,488,568	3,468,980	3,462,873

	Notes	31-03-2023	31-12-2023	31-03-2024
Shareholder's equity				
Share capital	22.1	855,168	855,168	855,168
Capital issued premium	22.1	4,202	4,202	4,202
Own shares	22.3	(14,377)	(15,059)	(14,657)
Legal reserve	22.4	1,030	4,374	4,374
Other reserves and accumulated earnings	22.4	195,943	(41,578)	137,840
Net Income		34,915	180,995	67,844
Equity before non-controlling interests		1,076,881	988,102	1,054,771
Non-controlling interests	23	6,374	6,585	6,568
Total equity		1,083,255	994,687	1,061,339
Liabilities				
Non-current liabilities:				
Borrowings	24	1,207,297	1,496,900	1,367,005
Provisions	25	80,875	80,154	79,371
Accounts payable - other	29	41,691	44,726	44,726
Tax payable	13	42,853	44,009	42,925
Deferred income	27	2,753	-	-
Derivative financial instruments	20	-	1,036	91
Deferred income tax liabilities	15	7,245	5,498	8,046
Total non-current liabilities		1,382,714	1,672,323	1,542,164
Current liabilities:				
Borrowings	24	423,906	237,069	281,271
Accounts payable - trade	28	268,893	243,991	240,596
Accounts payable - other	29	33,894	50,349	41,818
Tax payable	13	41,612	23,213	29,586
Accrued expenses	26	212,667	203,943	221,931
Deferred income	27	40,915	42,964	43,071
Derivative financial instruments	20	712	441	7
Liabilities directly associated with the assets held for sale	46	-	-	1,090
Total current liabilities		1,022,599	801,970	859,370
Total liabilities		2,405,313	2,474,293	2,401,534
Total liabilities and shareholder's equity		3,488,568	3,468,980	3,462,873

As a standard practice, only the annual accounts are audited, therefore the quarterly amounts were not audited autonomously.

The Notes to the Financial Statements form an integral part of the condensed consolidated statement of financial position as of 31 March 2024.

The Chief Accountant

The Board of Directors

Condensed consolidated statement of income by nature

For the quarters ended on 31 of March 2023 and 2024

(Amounts expressed in thousands of euros)

	Notes	3M 23	3M 24
Revenues:			
Services rendered		349,336	369,245
Sales		25,410	25,877
Other operating revenues		6,658	8,166
	30	381,404	403,288
Costs, losses and gains:			
Wages and salaries	31	21,967	22,678
Direct costs	32	81,599	87,142
Costs of products sold	33	21,780	22,805
Marketing and advertising		9,180	10,054
Support services	34	24,033	22,583
Supplies and external services	34	35,784	40,804
Other operating losses / (gains)		289	161
Taxes		9,016	9,166
Provisions and adjustments	35	4,212	3,441
Depreciation, amortization and impairment losses	7,8,9,10 & 37	120,405	122,328
Restructuring costs	38	359	517
Losses / (gains) on sale of assets, net	46	(80)	(415)
Other losses / (gains) non recurrent net	39	218	(31,383)
		328,762	309,881
Income before losses / (gains) participated companies, financial results and taxes		52,642	93,407
Net losses / (gains) of affiliated companies	11 & 36	(2,530)	(2,696)
Financial costs	40	11,880	20,348
Net foreign exchange losses / (gains)		121	(113)
Net losses / (gains) on financial assets		4	(458)
Net other financial expenses / (income)	40	973	971
		10,448	18,052
Income before taxes		42,194	75,355
Income taxes	15	7,146	7,520
Net consolidated income		35,048	67,835
Attributable to:			
NOS Group Shareholders		34,915	67,844
Non-controlling interests	23	133	(9)
Earnings per shares			
Basic - euros	41	0.07	0.13
Diluted - euros	41	0.07	0.13

As a recurring practice, only the annual accounts are audited therefore, the quarterly figures have not been audited independently.

The Notes to the Financial Statements form an integral part of the condensed consolidated statement of income by nature for the quarter ended on 31 March 2024.

The Chief Accountant

The Board of Directors

Condensed consolidated statement of comprehensive income

For the quarters ended on 31 of March 2023 and 2024

(Amounts expressed in thousands of euros)

	Notes	3M 23	3M 24
Net consolidated income		35,048	67,835
Other income			
Items that may be reclassified subsequently to the income statement:			
Changes in the comprehensive income of entities accounting for equity method	11	(180)	759
Fair value of interest rate swap	20	(979)	1,932
Deferred income tax - interest rate swap	20	220	(435)
Fair value of exchange rate forward	20	(512)	386
Deferred income tax - exchange rate forward	20	149	(108)
Currency translation differences and others		15	(3)
Income recognized directly in equity		(1,287)	2,531
Total comprehensive income		33,761	70,366
Attributable to:			
NOS Group Shareholders		33,628	70,375
Non-controlling interests		133	(9)
		33,761	70,366

As a recurring practice, only the annual accounts are audited therefore, the quarterly figures have not been audited independently.

The Notes to the Financial Statements form an integral part of the condensed consolidated statement of comprehensive income for the quarter ended on 31 March 2024.

The Chief Accountant

The Board of Directors

Condensed consolidated statement of changes in shareholder's equity

For the quarters on 31 of March 2023 and 2024

(Amounts expressed in thousands of euros)

Attributable to NOS Group Shareholders												Total
Notes	Share capital	Capital issued premium	Own shares	Legal reserve	Other reserves					Net income	Non-controlling interests	
					Own shares reserve	Reserves for plans of medium-term incentive	Hedging reserves	Other reserves and retained earnings				
Balance as of 1 January 2023	855,168	4,202	(15,968)	1,030	15,965	6,675	8,530	(54,087)	244,574	6,251	1,052,343	
Result appropriation												
Transfers to reserves	-	-	-	-	-	-	-	224,574	(224,574)	-	-	
Acquisition of own shares	22.3	-	-	(4,422)	-	4,422	-	(4,422)	-	-	(4,422)	
Distribution of own shares:												
Distribution of own shares - share incentive scheme	22.3	-	-	5,902	-	(5,902)	(4,615)	(4,615)	-	-	-	
Distribution of own shares - other remunerations	22.3	-	-	111	-	(111)		(117)	-	-	117	
Share Plan - costs incurred in the period and others	45	-	-	-	-	-	1,456	10	-	(10)	1,456	
Comprehensive Income		-	-	-	-	-	(1,122)	(165)	34,915	(113)	33,761	
Balance as of 31 March 2023	855,168	4,202	(14,377)	1,030	14,377	3,516	7,408	170,642	34,915	6,374	1,083,255	
Balance as of 1 January 2024	855,168	4,202	(15,059)	4,374	15,059	7,099	3,337	(67,073)	180,995	6,585	999,687	
Result appropriation												
Transfers to reserves	-	-	-	-	-	-	-	180,995	(180,995)	-	-	
Acquisition of own shares	22.3	-	-	(3,387)	-	3,387	-	(3,887)	-	-	(5,171)	
Distribution of own shares:												
Distribution of own shares - share incentive scheme	22.3	-	-	4,176	-	(4,176)	(3,256)	3,256	-	-	-	
Distribution of own shares - other remunerations	22.3	-	-	113	-	(113)	-	113	-	-	113	
Share Plan - costs of the plans paid in cahs	45	-	-	-	-	-	(1,180)	-	-	-	(1,180)	
Share Plan - costs incurred in the period and others	45	-	-	-	-	-	1,240	8	-	(8)	1,240	
Comprehensive Income		-	-	-	-	-	1,775	756	67,844	(9)	70,366	
Balance as of 31 March 2024	855,168	4,202	(14,657)	4,374	14,657	3,903	5,112	114,168	67,844	6,568	1,061,339	

As a recurring practice, only the annual accounts are audited therefore, the quarterly figures have not been audited independently.

The Notes to the Financial Statements form an integral part of the condensed consolidated statement of changes in shareholders' equity for the quarter ended on 31 March 2024.

The Chief Accountant

The Board of Directors

Condensed consolidated statement of cashflows

For the quarters ended on 31 March 2023 and 2024

(Amounts expressed in thousands of euros)

	Notes	3M 23	3M 24
Operating activities			
Collections from clients		438,699	484,348
Payments to suppliers		(200,329)	(220,351)
Payments to employees		(22,326)	(28,449)
Receipts / (Payments) relating to income taxes		47	(167)
Other cash receipts / (payments) related with operating activities		(15,188)	(6,573)
Cash flow from operating activities (1)		200,903	228,808
Investing activities			
Cash receipts resulting from			
Financial investments	14	275	275
Tangible assets		-	156
Interest and related income		1,354	2,306
		1,629	2,737
Payments resulting from			
Financial investments	14	(206)	(165)
Tangible assets		(82,080)	(51,468)
Intangible assets and contract costs		(54,681)	(60,850)
		(136,967)	(112,483)
Cash flow from investing activities (2)		(135,338)	(109,746)
Financing activities			
Cash receipts resulting from			
Borrowings		23,000	50,000
		23,000	50,000
Payments resulting from			
Borrowings		(33,500)	(125,500)
Lease rentals (principal)		(23,784)	(27,270)
Interest and related expenses		(13,675)	(12,360)
Acquisition of own shares	22.3	(4,422)	(3,231)
		(75,381)	(168,361)
Cash flow from financing activities (3)		(52,381)	(118,361)
Change in cash and cash equivalents (4)=(1)+(2)+(3)		13,184	701
Effect of exchange differences		(2)	-
Cash and cash equivalents, net of bank overdrafts at the beginning of the year		8,079	8,490
Cash and cash equivalents, net of bank overdrafts at the end of the period	21	21,261	9,191

As a recurring practice, only the annual accounts are audited therefore, the quarterly figures have not been audited independently.

The Notes to the Financial Statements form an integral part of the condensed consolidated statement of cash flows for the quarter ended on 31 March 2024.

The Chief Accountant

The Board of Directors

Notes to the condensed consolidated financial statements

As of 31 March 2024

(Amounts stated in thousand euros, unless otherwise stated)

1. Introductory Note

NOS, SGPS, S.A. ("NOS", "NOS SGPS" or "Company"), whose designation did not change during the year, 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 of 31 March 2024 is shown in Note 22.

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) datacenter management and consulting services in IT. The business of these companies is regulated by Law no. 16/2022 (Electronic Communications Law), which establishes the legal regime governing electronic communications networks and services.

The main activity of NOS Audio – Sales and Distribution, 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 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 quarter ended on 31 March 2024 were approved by the Board of Directors and their issue authorized on 14 May 2024.

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. The 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 2023.

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, even though current liabilities are higher than current assets. 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 endorsed by the European Union have mandatory application for the first time in the financial year beginning on January 1, 2024:

- Amendments to IAS 1 - Presentation of financial statements - Classification of current and non-current liabilities. This amendment aims to clarify the classification of liabilities as current or non-current balances depending on the rights an entity has to defer their 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 or not the entity will exercise that right), or by events occurring 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 certain conditions being met after the balance sheet date, these 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 of retrospective application.

- Amendments to IFRS 16 - Lease liabilities in sale and leaseback transactions. This amendment to IFRS 16 introduces guidance on the subsequent measurement of lease liabilities related to sale and leaseback transactions that qualify as a "sale" under the principles of IFRS 15, with greater impact when some or all of the lease payments are variable lease payments that do not depend on an index or a rate. When subsequently measuring lease liabilities, seller-lessees should determine "lease payments" and "revised lease payments" in such a way that they do not recognize gains/(losses) in relation to the right of use they retain. This amendment is retrospective.

These standards and amendments had no material impact on the Group's consolidated financial statements.

The following standards, interpretations, amendments and revisions, with mandatory application in future financial years, have not, as of the date of approval of these financial statements, been endorsed by the European Union:

- Amendments to IAS 7 and IFRS 7 - Disclosures: Supplier financing arrangements. These amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures, aim to clarify the characteristics of a supplier financing arrangement and introduce additional disclosure requirements when such arrangements exist. The disclosure requirements are intended to help users of financial statements understand the effects of supplier financing arrangements on the entity's liabilities, cash flows and exposure to liquidity risk. The amendments come into force for the period beginning on or after January 1, 2024. Early adoption is permitted but must be disclosed. The new requirements complement those already included in the IFRS standards and include disclosures on:
 - Terms and conditions of supplier financing agreements;
 - The amounts of the liabilities which are the subject of such agreements, for which part of them the suppliers have already received payments from the financiers and under which heading these liabilities are presented in the balance sheet;
 - The maturity date ranges; and
 - Information on liquidity risk.
- Amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability. This amendment aims to clarify how to assess the exchangeability of a currency, and how the exchange rate should be determined when it is not exchangeable for a long period. The amendment specifies that a currency should be considered exchangeable when an entity is able to obtain the other currency within a period that allows for normal administrative management, and through an exchange or market mechanism in which an exchange transaction creates enforceable rights and obligations. If a currency cannot be exchanged for another currency, an entity must estimate the exchange rate at the measurement date of the transaction. The objective is to determine the exchange rate that would be applicable on the measurement date for a similar transaction between market participants. The amendments also state that an entity may use an observable exchange rate without making any adjustment. According to the changes, companies will have to provide new disclosures to help users assess the impact of using an estimated exchange rate on financial statements. The amendments come into force for the period beginning on or after January 1, 2025. These disclosures may include:
 - The nature and financial impacts of the currency not being convertible;
 - The spot exchange rate used;
 - The estimation process; and
 - The risks to the company because the currency is not convertible;
 Early adoption is permitted, however the transition requirements applied must be disclosed.
- IFRS 18 – Presentation and Disclosure in Financial Statements. This standard will replace IAS 1 Presentation of Financial Statements and aims to improve comparability and enhance transparency. The key new concepts introduced in IFRS 18 relate to:
 - the structure of the statement of profit or loss;
 - required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
 - enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

This standard will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information.

These standards have not yet been endorsed by the European Union and, as such, were not applied by the Group in quarter ended on 31 March 2024. No significant impacts are expected on the financial statements as a result of their adoption.

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 23).

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 recognized in equity, are derecognized. Any resulting gain or loss is recognized in the income statement. Any interest retained in the entity is measured at fair value when control is lost.

The results of companies acquired or sold during the year are included in the income statements from the date of obtaining control or until the date of disposal, respectively.

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

A 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, net" 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, net" 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, net" 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 statements

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, net" and "Other non-recurring costs / (gains), net" 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, net".

Depreciations

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:

	2023 (Years)	2024 (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

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 an entity that was disposed or is classified as held for sale and:

- It represents an important line of business or geographical area separated from operating 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 8) 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 11) in the case of a jointly controlled company or an associated company.

Goodwill is not amortized 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 “Depreciation, amortisation and 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 8), 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 .

Software-as-a-Service (SaaS) agreements are service contracts in which NOS has the right to access a particular Cloud application/software for a specified period of time, contracted with the supplier. The costs incurred with the configuration, customization and ongoing access to the Cloud application/software are recognized as operating expenses when the services are received.

Costs incurred with the development, improvement or modification of existing applications/software at NOS, even if interconnected with SaaS agreements, and which meet the recognition criteria, are recorded as intangible assets.

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 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.

The assets with finite useful life are amortized 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:

	2023 (Years)	2024 (Years)
Telecom licenses	20 - 33	20 - 33
Software licenses	1 - 8	1 - 8
Content utilization rights	Period of the contract	Period of the contract
Other	1 - 20	1 - 20

During the quarter ended 31 March 2024, NOS revised the depreciation rates of most of the software acquired and developed internally, reducing the useful life from 6 to 3 years, resulting in an increase in “Depreciation, amortization and impairment losses” (Intangible assets) in the amount of 12 million euros (Note 37).

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.

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 recognized 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 expected period of services provided to the client (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 recognized as an impairment loss.

The reversal of impairment losses recognized in previous years is recorded when there are indications that these losses no longer exist or have decreased. The reversal of impairment losses is recognized 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 recognized (net of amortization or depreciation) if no impairment loss had been recorded in previous years.

2.3.8. Financial assets

Financial assets are recognized 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 recognized at fair value plus directly attributable transaction costs, except for assets at fair value through income in which transaction costs are immediately recognized in income. Trade accounts receivable, at the initial time, are recognized at their transaction price, as defined in IFRS 15.

The financial assets are derecognized 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 recognized 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 amortized 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 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 recognized in results in the year in which they occur under "Losses / (gains) on financial assets, net", 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 amortized cost

Financial assets measured at amortized 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 derecognized, 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 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 recognized 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 amortized 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 recognized 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 recognized 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 requirement:

- 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 recognized 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 recognized in the statement of profit or loss.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortization 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 derecognized, the unamortized fair value is recognized immediately in profit or loss.

When an unrecognized 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 recognized as an asset or liability with a corresponding gain or loss recognized in profit or loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized 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 recognized as “Net foreign exchange losses/(gains)”, the ineffective portion relating to interest rates is recognized as “Financial costs” and the ineffective portion relating to own shares contracts is recognized as “Wages and salaries”.

On the quarter ended on 31 March 2024, 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 recognized 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 recognized 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 recognized 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 recognized at fair value when there is reasonable assurance that they will be received and that the Group companies will comply with the requirements for their award.

Operating subsidies, mainly for employee training, are recognized in the statement of comprehensive income by deduction from the corresponding costs incurred.

Investment subsidies are deducted from tangible and intangible fixed assets to the extent of the associated expenses and are recognized in the income statement ("Depreciation, amortization and impairment losses") on a systematic and rational basis over the useful life of the asset.

2.3.14. Provisions and contingent liabilities

Provisions are recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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.

At the commencement date of the lease, NOS recognizes 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 recognized 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 recognized as an adjustment in the ROU.

The estimated costs of dismantling, removal of assets and restoration of the site related with leases are recognized in tangible assets with works carried out (Note 2.3.3).

2.3.15.1. Rights of use

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 recognized 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 recognized 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 use 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 recognized 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.

The Group does not apply the practical expedient provided for leases of less than one year.

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 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:

- 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 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 recognized 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 recognized 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 recognized as follows:

- The deferred tax benefits acquired recognized 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 recognized in the income statement.
- All the other acquired deferred tax benefits performed are recognized in the income statement (when applicable, directly in shareholders' equity).

Estimates to deal with uncertainties regarding the acceptance of a given tax treatment by the tax authorities are recognized as deferred tax liabilities.

Pillar II

The Council of the EU approved the Directive (EU) 2022/2523, of December 15, 2022 ("Directive"), on the guarantee of a worldwide minimum level of taxation for multinational enterprise groups and large domestic groups within the Union, commonly known as "Pillar II". Although Portugal has not met the deadline for transposing this Directive, it is estimated that this will happen in 2024.

Considering the rules approved in the Directive and the best information available at the moment, NOS has carried out an assessment of the possible impacts of Pillar II for the NOS Group, and it is estimated that the group will benefit from the supplementary tax exclusion in the initial phase of international activity, provided for in Article 49 of the Directive, under the transitional regime, applicable for a period of 5 years (2024-2028).

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 recognized, 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 recognized 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 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 premium

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 recognized 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 parties 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.

- Intelligent Alarm: the revenues obtained with the NOS | Securitas Intelligent Alarm include security solutions for people and property, which combine the professional monitoring of the Securitas Alarm Center with NOS latest technology.

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 recognized linearly over the subscription period.

Revenue from equipment rental is recognized 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 recognized 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 recognized when the service is rendered. The Group also offers various personalized solutions, particularly to its corporate customers in telecom management, access, voice, and data transmission services. These personalized solutions are also recognized 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 commercialized. 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 recognized 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 recognized in the “Other income” item upon receipt.

Interest revenue is recognized using the effective interest method, only when they generate future economic benefits.

2.3.20. Accruals

A Group’s revenues and costs are recognized in accordance with the accrual’s principle, under which they are recognized 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 recognized 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 recognized 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 recognized 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 recognized in the same proportion as the assets that gave rise to it.

On 31 December 2023 and 31 March 2024, 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.

	31-12-2023	31-03-2024
US Dollar	1.1050	1.0811
Angolan Kwanza	930.9625	900.5563
British Pound	0.8691	0.8551
Mozambican Metical	69.8700	68.3800
Canadian Dollar	1.4642	1.4672
Swiss Franc	0.9260	0.9766
Real	5.3618	5.4032

In the quarters ended on 31 March 2023 and 2024, 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:

	3M 23	3M 24
Angolan Kwanza	541.8050	909.2770
Mozambican Metical	68.2630	68.4530

2.3.22. Financial charges and borrowings

Financial charges related to borrowings are recognized 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 recognized amounts and intends to settle for the net amount.

2.3.26. Employee benefits

Personnel expenses are recognized 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 recognized as expense in the period to which they relate.
 - The monthly deliveries to FCT, made by the employer are recognized as a financial asset, in the caption "Other non-current financial assets" of the entity, measured at fair value with changes recognized in the respective results.

With the publication of Law no. 13/2023, as of 1 May 2023, it is no longer mandatory to make payments corresponding to 0.925% of each worker's basic salary and seniority to the FCT, which has been converted into a closed accounting fund.

According to the same law, the obligations relating to the FGCT corresponding to 0.075% are suspended for the duration of the Medium-Term Agreement for the improvement of incomes, wages and competitiveness, which is expected to run until 2026.

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 the condensed consolidated financial statements requires the Group's management to make judgments and estimates that affect the condensed 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 condensed 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 8. 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.

Tangible and intangible 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 recognized 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 amortized 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 recognized 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 recognized 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 uncollectability 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 be 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 amortized cost. The most frequently used valuation 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 quarter ended 31 March 2023 and 2024 no material errors, estimates or changes in accounting policies were recognized in relation to prior years. On 31 March 2024, a reclassification of estimates to address uncertainties regarding the acceptance of a particular tax treatment by the Tax Administration was made from "Deferred tax liabilities" to non-current "Taxes payable", in the amount of 42.9 million euros (31 March 2023: 42.9 million euros; 31 December 2023: 44.0 million euros), with restatement of the period ended on 31 March 2023, for comparability purposes (Note 15). Also on 31 March 2024, there was a reclassification of estimates of amounts receivable, resulting from favorable decisions in the Constitutional Court in proceedings related to the settlement of the Activity Tax, from "Accounts receivable – customers" to "Accounts receivable – other", in the amount of 34.4 million euros (31 December 2023: 22.9 million euros), with restatement of the period ended on 31 December 2023, for comparability purposes (Note 12 and 17).

4. Changes in the perimeter

During the quarter year ended on 31 March 2023, the following changes in the perimeter occurred:

- Incorporation of the company Ten Twenty One, S.A., in February 2023, whose main activity is the provision of engineering and consulting services in the area of information technologies, communications and electronics;
- Acquisition of the company BLU, S.A., in March 2023, whose main activity is the provision of telecommunications services, establishment, management and operation of telecommunications networks, and subsequent merger into NOS Comunicações in May 2023. This merger did not originate any material impacts on the Group's consolidated financial statements.

During the quarter ended on 31 March 2024, there were no changes in the perimeter.

5. 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, NOS Mediação de Seguros, Ten Twenty One and CEiiA.
- 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 on 31 December 2023 and 31 March 2024 are shown below:

31-12-2023

	Telco	Audiovisuals	Eliminations	Group
Assets				
Non - current assets:				
Tangible assets	1,084,379	9,205	-	1,093,584
Intangible assets	1,114,748	93,198	-	1,207,946
Contract costs	158,406	-	-	158,406
Rights of use	272,228	34,862	-	307,090
Investments in jointly controlled companies and associated companies	144,077	45,224	(159,861)	29,440
Accounts receivable - other	13,076	3,173	(11,885)	4,364
Deferred income tax assets	74,775	7,131	-	81,906
Other non-current assets	11,720	291	-	12,011
Total non - current assets	2,873,409	193,084	(171,746)	2,894,747
Current assets:				
Inventories	47,607	608	-	48,215
Account receivables	415,253	51,225	(40,093)	426,385
Prepaid expenses	43,278	1,525	(378)	44,425
Other current assets	35,027	2,023	-	37,050
Cash and cash equivalents	17,359	799	-	18,158
Total current assets	558,524	56,180	(40,471)	574,233
Total assets	3,431,933	249,264	(212,217)	3,468,980
Shareholder's equity				
Share capital	855,168	78,925	(78,925)	855,168
Capital issued premium	4,202	-	-	4,202
Own shares	(15,059)	-	-	(15,059)
Legal reserve	4,374	2,697	(2,697)	4,374
Other reserves and accumulated earnings	(22,388)	49,319	(68,509)	(41,578)
Net income	171,661	18,608	(9,274)	180,995
Equity before non - controlling interests	997,958	149,549	(159,405)	988,102
Non-controlling interests	6,585	-	-	6,585
Total equity	1,004,543	149,549	(159,405)	994,687
Liabilities				
Non - current liabilities:				
Borrowings	1,468,909	39,875	(11,884)	1,496,900
Provisions	73,182	6,972	-	80,154
Other non-current liabilities	88,273	1,498	-	89,771
Deferred income tax liabilities	5,487	11	-	5,498
Total non - current liabilities	1,635,851	48,356	(11,884)	1,672,323
Current liabilities:				
Borrowings	249,176	9,942	(22,049)	237,069
Accounts payable	291,055	16,726	(13,441)	294,340
Tax payable	22,186	1,027	-	23,213
Accrued expenses	190,993	18,010	(5,060)	203,943
Other current liabilities	38,129	5,654	(378)	43,405
Total current liabilities	791,539	51,359	(40,928)	801,970
Total liabilities	2,427,390	99,715	(52,812)	2,474,293
Total liabilities and shareholder's equity	3,431,933	249,264	(212,217)	3,468,980

31-03-2024

	Telco	Audiovisuals	Eliminations	Group
Assets				
Non - current assets:				
Tangible assets	1,079,370	9,364	-	1,088,734
Intangible assets	1,098,233	93,670	-	1,191,903
Contract costs	158,630	-	-	158,630
Rights of use	272,592	29,629	-	302,221
Investments in jointly controlled companies and associated companies	147,388	45,367	(159,860)	32,895
Accounts receivable - other	13,019	3,267	(11,885)	4,401
Deferred income tax assets	65,321	6,429	-	71,750
Other non-current assets	13,222	195	-	13,417
Total non - current assets	2,847,775	187,921	(171,745)	2,863,951
Current assets:				
Inventories	43,992	585	-	44,577
Account receivables	422,716	57,596	(43,179)	437,133
Prepaid expenses	54,319	1,471	(378)	55,412
Other current assets	37,696	2,627	-	40,323
Cash and cash equivalents	10,818	2,279	-	13,097
Assets held for sale	8,380	-	-	8,380
Total current assets	577,921	64,558	(43,557)	598,922
Total assets	3,425,696	252,479	(215,302)	3,462,873
Shareholder's equity				
Share capital	855,168	78,925	(78,925)	855,168
Capital issued premium	4,202	-	-	4,202
Own shares	(14,657)	-	-	(14,657)
Legal reserve	4,374	2,697	(2,697)	4,374
Other reserves and accumulated earnings	147,856	67,779	(77,795)	137,840
Net income	63,108	4,736	-	67,844
Equity before non - controlling interests	1,060,051	154,137	(159,417)	1,054,771
Non-controlling interests	6,568	-	-	6,568
Total equity	1,066,619	154,137	(159,417)	1,061,339
Liabilities				
Non - current liabilities:				
Borrowings	1,344,202	34,688	(11,885)	1,367,005
Provisions	72,195	7,176	-	79,371
Other non-current liabilities	86,301	1,441	-	87,742
Deferred income tax liabilities	8,046	-	-	8,046
Total non - current liabilities	1,510,744	43,305	(11,885)	1,542,164
Current liabilities:				
Borrowings	302,401	8,643	(29,773)	281,271
Accounts payable	272,104	19,593	(9,283)	282,414
Tax payable	28,457	1,129	-	29,586
Accrued expenses	207,233	19,264	(4,566)	221,931
Other current liabilities	37,048	6,408	(378)	43,078
Liabilities associated with assets held for sale	1,090	-	-	1,090
Total current liabilities	848,333	55,037	(44,000)	859,370
Total liabilities	2,359,077	98,342	(55,885)	2,401,534
Total liabilities and shareholder's equity	3,425,696	252,479	(215,302)	3,462,873

The results by segment and investments in tangible and intangible assets, contract costs and rights of use for the quarters ended on 31 March 2023 and 2024 are shown below:

	Telco	Audiovisuals	Eliminations	Group
	3M 23	3M 23	3M 23	3M 23
Revenues:				
Services rendered	340,202	17,052	(7,918)	349,336
Sales	22,315	3,178	(83)	25,410
Other operating revenues	6,638	169	(149)	6,658
	369,155	20,399	(8,150)	381,404
Costs, losses and gains:				
Wages and salaries	19,380	2,587	-	21,967
Direct costs	83,584	4,244	(6,229)	81,599
Costs of products sold	21,162	628	(10)	21,780
Marketing and advertising	11,554	626	(3,000)	9,180
Support services	24,047	704	(718)	24,033
Supplies and external services	33,462	515	1,807	35,784
Other operating losses / (gains)	249	40	-	289
Taxes	8,992	24	-	9,016
Provisions and adjustments	4,247	(35)	-	4,212
	206,677	9,333	(8,150)	207,860
EBITDA	162,478	11,066	-	173,544
Depreciation, amortization and impairment losses	113,707	6,698	-	120,405
Other losses / (gains), net	432	65	-	497
Income before losses / (gains) participated companies, financial results and taxes	48,339	4,303	-	52,642
Net losses / (gains) of affiliated companies	(2,539)	9	-	(2,530)
Financial costs	11,390	490	-	11,880
Net foreign exchange losses / (gains)	151	(30)	-	121
Net losses / (gains) on financial assets	(7,031)	(1)	7,036	4
Net other financial expenses / (income)	967	6	-	973
	2,938	474	7,036	10,448
Income before taxes	45,401	3,829	(7,036)	42,194
Income taxes	6,237	909	-	7,146
Net income	39,164	2,920	(7,036)	35,048
Capex	110,121	15,978	-	126,099
EBITDA - Capex	52,357	(4,912)	-	47,445

	Telco	Audiovisuals	Eliminations	Group
	3M 24	3M 24	3M 24	3M 24
Revenues:				
Services rendered	358,554	18,996	(8,305)	369,245
Sales	22,435	3,486	(44)	25,877
Other operating revenues	7,986	280	(100)	8,166
	388,975	22,762	(8,449)	403,288
Costs, losses and gains:				
Wages and salaries	19,851	2,827	-	22,678
Direct costs	89,692	4,985	(7,535)	87,142
Costs of products sold	21,945	869	(9)	22,805
Marketing and advertising	12,533	506	(2,985)	10,054
Support services	22,648	727	(792)	22,583
Supplies and external services	36,646	1,286	2,872	40,804
Other operating losses / (gains)	123	38	-	161
Taxes	9,142	24	-	9,166
Provisions and adjustments	3,505	(64)	-	3,441
	216,085	11,198	(8,449)	218,834
EBITDA	172,890	11,564	-	184,454
Depreciation, amortization and impairment losses	116,380	5,948	-	122,328
Other losses / (gains), net	(31,408)	127	-	(31,281)
Income before losses / (gains) participated companies, financial results and taxes	87,918	5,489	-	93,407
Net losses / (gains) of affiliated companies	(2,553)	(143)	-	(2,696)
Financial costs	19,884	464	-	20,348
Net foreign exchange losses / (gains)	(113)	-	-	(113)
Net losses / (gains) on financial assets	(458)	-	-	(458)
Net other financial expenses / (income)	965	6	-	971
	17,725	327	-	18,052
Income before taxes	70,193	5,162	-	75,355
Income taxes	7,094	426	-	7,520
Net income	63,099	4,736	-	67,835
Capex	104,139	1,328	-	105,467
EBITDA - Capex	68,751	10,236	-	78,987

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.

On 31 March 2024, fully consolidated foreign companies represent less than 1% of assets (at 31 March 2023: less than 1%) and their turnover is less than 0.1% of consolidated turnover.

6. 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:

31-12-2023						
	Financial assets	Derivatives	Financial liabilities	Total financial assets and liabilities	Non-financial assets and liabilities	Total
Assets						
Other financial assets non-current (Note 14)	6,028	-	-	6,028	-	6,028
Derivative financial instruments (Note 20)	-	5,583	-	5,583	-	5,583
Accounts receivable - trade (Note 17)	340,780	-	-	340,780	-	340,780
Accounts receivable - other (Note 12)	31,361	-	-	31,361	11,597	42,958
Cash and cash equivalents (Note 21)	18,158	-	-	18,158	-	18,158
Total financial assets	396,327	5,583	-	401,910	11,597	413,507
Liabilities						
Borrowings (Note 24)	-	-	1,733,969	1,733,969	-	1,733,969
Derivative financial instruments (Note 20)	-	1,477	-	1,477	-	1,477
Accounts payable - trade (Note 28)	-	-	243,991	243,991	-	243,991
Accounts payable - other (Note 29)	-	-	94,871	94,871	204	95,075
Accrued expenses (Note 26)	-	-	203,943	203,943	-	203,943
Total financial liabilities	-	1,477	2,276,774	2,278,251	204	2,278,455

31-03-2024						
	Financial assets	Derivatives	Financial liabilities	Total financial assets and liabilities	Non-financial assets and liabilities	Total
Assets						
Other financial assets non-current (Note 14)	6,650	-	-	6,650	-	6,650
Derivative financial instruments (Note 20)	-	6,852	-	6,852	-	6,852
Accounts receivable - trade (Note 17)	344,269	-	-	344,269	-	344,269
Accounts receivable - other (Note 12)	42,088	-	-	42,088	13,023	55,111
Cash and cash equivalents (Note 21)	13,097	-	-	13,097	-	13,097
Total financial assets	406,104	6,852	-	412,956	13,023	425,979
Liabilities						
Borrowings (Note 24)	-	-	1,648,276	1,648,276	-	1,648,276
Derivative financial instruments (Note 20)	-	98	-	98	-	98
Accounts payable - trade (Note 28)	-	-	240,596	240,596	-	240,596
Accounts payable - other (Note 29)	-	-	86,371	86,371	173	86,544
Accrued expenses (Note 26)	-	-	221,931	221,931	-	221,931
Total financial liabilities	-	98	2,197,174	2,197,272	173	2,197,445

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 amortized 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.

7. Tangible assets

In the quarters ended on 31 March 2023 and 2024, the movements in this item were as follows:

	31-12-2022	Increases	Disposals and write-offs	Transfers and others	31-03-2023
Acquisition cost					
Lands	519	-	-	-	519
Buildings and other constructions	264,259	(557)	(303)	2,665	266,064
Basic equipment	2,909,175	14,928	(16,631)	18,402	2,925,874
Transportation equipment	514	-	-	-	514
Tools and dies	1,607	-	-	-	1,607
Administrative equipment	195,921	363	(47)	689	196,926
Other tangible assets	44,162	37	-	59	44,258
Tangible assets in-progress	53,438	29,110	-	(23,796)	58,752
	3,469,595	43,881	(16,981)	(1,981)	3,494,514
Accumulated depreciation and impairment losses					
Buildings and other constructions	159,518	4,097	(303)	36	163,348
Basic equipment	1,971,674	44,812	(16,548)	(7,249)	1,992,689
Transportation equipment	514	-	-	-	514
Tools and dies	1,528	14	-	-	1,542
Administrative equipment	185,650	987	(43)	10	186,604
Other tangible assets	43,659	215	-	(2)	43,872
	2,362,543	50,125	(16,894)	(7,205)	2,388,569
	1,107,052	(6,244)	(87)	5,224	1,105,945

	31-12-2023	Increases	Disposals and write-offs	Transfers and others	31-03-2024
Acquisition cost					
Lands	519	-	-	-	519
Buildings and other constructions	281,666	(418)	-	(1,945)	279,303
Basic equipment	2,928,457	11,674	(254)	31,176	2,971,053
Transportation equipment	512	-	-	-	512
Tools and dies	1,688	-	-	50	1,738
Administrative equipment	147,071	315	(12)	375	147,749
Other tangible assets	44,576	33	-	115	44,724
Tangible assets in-progress	45,940	30,481	-	(38,222)	38,199
	3,450,429	42,085	(266)	(8,451)	3,483,797
Accumulated depreciation and impairment losses					
Buildings and other constructions	143,676	1,795	(46)	(1)	145,424
Basic equipment	2,027,478	36,917	(290)	(1,179)	2,062,926
Transportation equipment	511	-	-	1	512
Tools and dies	985	55	-	-	1,040
Administrative equipment	140,040	868	(11)	-	140,897
Other tangible assets	44,155	109	-	-	44,264
	2,356,845	39,744	(347)	(1,179)	2,395,063
	1,093,584	2,341	81	(7,272)	1,088,734

The net amount of "Transfers and Other" corresponds predominantly to the transfer of assets from "Intangible Assets", in 2023 (Note 8), and the reclassification to assets held for sale of mobile sites in 2024 (Note 46).

On 31 March 2024, the net value of tangible assets 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 817.7 million euros (31 December 2023: 807.5 million euros);
- Terminal equipment installed on client premises, included under Basic equipment, amounts to 90.4 million euros (31 December 2023: 93.5 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.

On 31 March 2024, total net value of these costs amounted to 12.8 million euros (31 December 2023: 13 million euros).

8. Intangible assets

In the quarters ended on 31 March 2023 and 2024, the movements in this item were as follows:

	31-12-2022	Increases	Disposals and write-offs	Transfers and others	31-03-2023
Acquisition cost					
Industrial property and other rights	2,103,180	1,315	-	22,107	2,126,602
Goodwill	641,400	-	-	-	641,400
Intangible assets in-progress	27,217	26,852	-	(27,251)	26,818
	2,771,797	28,167	-	(5,144)	2,794,820
Accumulated amortization and impairment losses					
Industrial property and other rights	1,559,907	27,461	-	68	1,587,436
Intangible assets in-progress	2,332	-	-	12	2,344
	1,562,239	27,461	-	80	1,589,780
	1,209,558	706	-	(5,224)	1,205,040

	31-12-2023	Increases	Disposals and write-offs	Transfers and others	31-03-2024
Acquisition cost					
Industrial property and other rights	2,101,487	1,362	(639)	19,109	2,121,319
Goodwill	641,400	-	-	-	641,400
Intangible assets in-progress	27,190	23,616	-	(19,109)	31,697
	2,770,077	24,978	(639)	-	2,794,416
Accumulated amortization and impairment losses					
Industrial property and other rights	1,561,149	40,639	(257)	(1,349)	1,600,182
Intangible assets in-progress	982	-	-	1,349	2,331
	1,562,131	40,639	(257)	-	1,602,513
	1,207,946	(15,661)	(382)	-	1,191,903

In the quarter ended on 31 March 2024, the net amount of "Transfers and Others" corresponds, mainly, to the transfer of assets to "Tangible assets" (Note 7).

On 31 March 2024, the item "Industrial property and other rights" includes mainly:

- A net amount of 133.8 million euros (31 December 2023: 135.6 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 75.5 million euros (31 December 2023: 77.5 million euros) mainly related to the investment, net of amortization, made in the development of the UMTS network by NOS SA, including:
 - 23.9 million euros (31 December 2023: 24.5 million euros) related to the license;
 - 8 million euros (31 December 2023: 8.2 million euros) related to the agreement signed in 2002 between Oni Way and the other three mobile telecommunication operators with activity in Portugal;
 - 2.5 million euros (31 December 2023: 2.5 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;
 - 35 million euros (31 December 2023: 35.9 million euros) related with the program “Iniciativas E”; and
 - the net amount of 4.1 million euros (31 December 2023: 4.2 million euros) corresponding to the valuation of the license in the fair value allocation process resulting from the merger;
- A net amount of 66.7 million euros (31 December 2023: 67.7 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 2.3 million euros (31 December 2023: 2.4 million euros) corresponding to the valuation of the license in the fair value allocation process resulting from the merger;
- A net amount of 159 million euros related with software development (31 December 2023: 172 million euros);
- A net amount of 16.8 million euros (31 December 2023: 16.3 million euros) corresponding to the future rights to use movies and series.

Increases in the quarter ended on 31 March 2024 correspond mainly to the acquisition of movies and television series usage rights, for an amount of 5 million euros, and acquisition and development of software and other assets, for an amount of 19.5 million euros.

Impairment tests on goodwill

Goodwill was allocated to the cash-generating units of each reportable segment, as follows:

	31-12-2023	31-03-2024
Telco	564,799	564,799
Audiovisuals	76,601	76,601
	641,400	641,400

In 2023 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%	9.1%	9.8%
Assessment period	5 year	5 years	5 years
EBITDA growth (2023-28)*	0.0%	-3.8%	3.4%
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 was 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 was 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.

As of 31 March 2024, it was understood that the assumptions made in the impairment tests carried out in 2023 did not vary materially, so there is no evidence of any impairment.

9. Contract costs

In the quarters ended on 31 March 2023 and 2024, the movements in this item were as follows:

	31-12-2022	Increases	31-03-2023
Acquisition cost			
Cost of attracting customers	623,472	17,040	640,512
Costs of fulfilling customer contracts	286,840	7,927	294,767
	910,312	24,967	935,279
Accumulated amortizations and impairment losses			
Cost of attracting customers	522,150	16,244	538,394
Costs of fulfilling customer contracts	227,568	8,212	235,780
	749,718	24,456	774,174
	160,594	511	161,105

	31-12-2023	Increases	31-03-2024
Acquisition cost			
Cost of attracting customers	689,601	17,558	707,159
Costs of fulfilling customer contracts	316,650	7,318	323,968
	1,006,251	24,876	1,031,127
Accumulated amortizations and impairment losses			
Cost of attracting customers	587,925	16,784	604,709
Costs of fulfilling customer contracts	259,920	7,868	267,788
	847,845	24,652	872,497
	158,406	224	158,630

Contract costs refers to commissions paid to third parties and other costs related to raising customers' loyalty contracts, including portability costs. These costs are amortized, systematically and consistently, with the transfer to customers of goods or services to which the asset is related (between 2 and 4 years).

10. Rights of use

In the quarters ended on 31 March 2023 and 2024, the movements in this item were as follows:

	31-12-2022	Increases	Transfers and others	31-03-2023
Acquisition cost				
Telecommunications towers and rooftops	224,319	8,272	-	232,591
Movie theatres	124,323	11,562	-	135,885
Transponders	93,752	383	-	94,135
Equipments	165,910	3,606	-	169,516
Buildings	91,336	2,458	-	93,794
Fibre optic rental	40,137	-	-	40,137
Stores	24,547	2,250	-	26,797
Others	43,415	553	-	43,968
	807,739	29,084	-	836,823
Accumulated amortizations and impairment losses				-
Telecommunications towers and rooftops	69,950	5,393	-	75,343
Movie theatres	97,322	2,023	-	99,345
Transponders	74,552	1,622	-	76,174
Equipments	119,138	4,172	-	123,310
Buildings	66,151	2,172	-	68,323
Fibre optic rental	35,068	762	-	35,830
Stores	19,874	952	-	20,826
Others	27,961	1,264	-	29,225
	510,016	18,360	-	528,376
	297,723	10,724	-	308,447

	31-12-2023	Increases	Transfers and others	31-03-2024
Acquisition cost				
Telecommunications towers and rooftops	250,500	9,017	(1,263)	258,254
Movie theatres	140,975	(4,857)	-	136,118
Transponders	94,135	182	-	94,317
Equipments	187,931	3,164	-	191,095
Buildings	94,753	3,411	-	98,164
Fibre optic rental	40,141	-	-	40,141
Stores	31,055	1,740	-	32,795
Others	46,970	872	-	47,842
	886,460	13,529	(1,263)	898,726
Accumulated amortizations and impairment losses				
Telecommunications towers and rooftops	87,120	5,208	(155)	92,173
Movie theatres	106,346	857	-	107,203
Transponders	81,072	1,649	-	82,721
Equipments	135,608	4,353	-	139,961
Buildings	74,606	2,118	-	76,724
Fibre optic rental	38,121	763	-	38,884
Stores	23,568	918	-	24,486
Others	32,929	1,424	-	34,353
	579,370	17,290	(155)	596,505
	307,090	(3,761)	(1,108)	302,221

The item Rights of Use refers to assets associated with lease contracts which are depreciated over the duration of the respective contract, except for equipment leases with a purchase option which are depreciated over the estimated period of use.

The net amount of “Increases” corresponds to new contracts and renegotiation of the contractual terms of leases.

The net amount of “Transfers and others” corresponds to the reclassification of mobile site leases to assets held for sale (Note 46).

11. Investments in jointly controlled companies and associated companies

On 31 December 2023 and 31 March 2024, this item was composed as follows:

	31-12-2023	31-03-2024
Investments – equity method		
Finstar*	22,812	25,459
Mstar	3,698	4,082
Dreamia	1,544	1,688
Other companies	1,386	1,666
	29,440	32,895

* Consolidated from Finstar and ZAP Media

Movements in “Investments in jointly controlled companies and associated companies” in the quarters ended on 31 March 2023 and 2024 were as follows:

	3M 23	3M 24
As of January 1	38,961	29,440
Gains / (losses) of exercise (Note 36)	2,530	2,696
Changes in equity	(180)	759
As of March 31	41,311	32,895

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 period ended on 31 December 2023 and 31 March 2024, are as follows:

31-12-2023

Entity	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Revenue	Net income	% Held
Sport TV*	81,581	47,757	48	106,093	23,197	192,206	(1,188)	25.00%
Dreamia	963	12,952	7,146	4,029	2,740	17,229	(2,132)	50.00%
Finstar	44,144	130,496	-	98,622	76,018	205,495	12,176	30.00%
Mstar	871	22,476	-	13,355	9,992	27,591	5,796	30.00%
Upstar	1,420	18,377	-	15,672	4,125	17,467	1,339	30.00%
Dualgrid	4	258	-	174	88	575	7	50.00%
Dreamia S.L.	15,190	1,156	6,551	2,319	7,476	2,307	47	50.00%
BrightCity S.A.	61	1,015	-	894	182	1,388	7	50.00%
CEiiA**	24,809	28,080	13,475	34,731	4,683	21,813	(2,859)	16.20%
	169,043	262,567	27,220	275,889	128,501	486,071	13,193	

31-03-2024

Entity	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Revenue	Net income	% Held
Sport TV*	35,374	58,011	48	70,696	22,641	57,831	(556)	25.00%
Dreamia	909	12,748	7,204	3,357	3,096	4,412	357	50.00%
Finstar	45,730	138,129	15,355	83,639	84,865	35,768	6,303	30.00%
Mstar	1,024	25,928	-	15,079	11,873	6,892	1,297	30.00%
Upstar	1,396	13,188	-	9,543	5,041	3,937	810	30.00%
Dualgrid	3	629	-	533	99	152	13	50.00%
Dreamia S.L.	15,247	1,048	6,599	2,211	7,485	578	9	50.00%
BrightCity S.A.	87	1,807	-	1,845	49	191	(142)	50.00%
CEiiA**	24,809	28,080	13,475	34,731	4,683	21,813	(2,859)	16.20%
	124,579	279,568	42,681	221,634	139,832	131,574	5,232	

*Sport TV's annual reporting period is from July 1 to June 30 (in line with the soccer season), so in the accounts presented in the tables above, revenues and net income correspond to the figures for the reported period of 12 month in 2023 and 3 months in 2024.

** The amounts presented correspond to the year ending 31 December 2022.

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 quarter ended on 31 March 2024, the assets, liabilities and results of jointly controlled company ZAP Media (100% held by Finstar) are:

31-03-2024							
Entity	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Revenues	Net income
ZAP Media	17,756	7,970	89	15,822	9,815	7,511	448

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), does not change the control profile, in this case joint control as defined in IFRS 11.

12. Accounts receivable - others

On 31 December 2023 and 31 March 2024, this item was composed as follows:

	31-12-2023		31-03-2024	
	Current	Non-current	Current	Non-current
Accounts receivable	27,234	4,392	38,549	4,449
Advances to suppliers	11,597	-	13,022	-
	38,831	4,392	51,571	4,449
Impairments of other receivables	(237)	(28)	(861)	(48)
	38,594	4,364	50,710	4,401

On 31 March 2024, this item corresponds predominantly to:

- estimates of the amounts to be received as a result of favorable decisions in the Constitutional Court in proceedings brought by the company related to the settlement of the Anacom Fee, in the amount of 34.4 million euros (31 December 31 2023: 22.9 million euros);
- Short-term loans, medium and long-term loans from Group and interests' receivable; and
- Associated companies, the amount receivable of 1.375 million euros from the sale of NOS International Carrier Services;

Additionally, on 31 March 2024, advances to suppliers correspond predominantly to amounts paid under soccer rights contracts and other operating costs.

The summary of movements in impairment of other receivable in other accounts receivable is as follows:

	3M 23	3M 24
As of January 1	1,861	265
Increases (Note 35)	39	48
Utilizations, transfers and others	(30)	596
As of March 31	1,870	909

13. Taxes payable and receivable

On 31 December 2023 and 2024, these items were composed as follows:

	31-12-2023		31-03-2024	
	Receivable	Payable	Receivable	Payable
Non-current				
Tax proceedings	-	44,009	-	42,925
Debt regularization	51	-	49	-
	51	44,009	49	42,925
Current				
Value-added tax (VAT)	5,971	19,291	7,183	22,205
Income taxes	31,063	-	32,736	-
Personnel income tax withholdings	-	1,715	-	5,115
Social Security contributions	-	2,056	-	2,197
Others	16	151	15	69
	37,050	23,213	39,934	29,586
	37,101	67,222	39,983	72,511

In the quarter ended on 31 March 2024, the item "Tax litigation" includes liabilities, related to ongoing tax processes, of which highlights:

- Future credits transferred: for the financial year ended on 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 applications were rejected and the means of reaction in the case relating to 2008 have been exhausted. The same outcome can be expected in the cases relating to 2009 to 2013.

On 31 December 2023 and 31 March 2024, the amounts of CIT (Corporate Income Tax) receivable and payable were composed as follows:

	31-12-2023	31-03-2024
Estimated current tax on income	(19,011)	(17,701)
Payments on account	48,129	48,129
Withholding income taxes	1,011	1,384
Others	934	924
	31,063	32,736

14. Other non-current financial assets

On 31 December 2023 and 31 March 2024, this caption is composed as follows:

	31-12-2023	31-03-2024
TechTransfer Fund	1,355	1,455
Didimo	1,415	1,415
Seems Possible	1,200	1,200
Reckon.ai	854	1,004
SkillAugment	175	547
MindProber	500	500
Others	529	529
	6,028	6,650

During the year ended on 31 December 2023, NOS reinforced its investment in the TechTransfer Fund, in the company Reckon.ai and in the company Seems Possible. During the same period, impairments were recorded on the valuations of the TechTransfer Fund and the company SkillAugmented, in the amounts of 81 thousand euros and 125 thousand euros, respectively.

During the quarter ended 31 March 2024, NOS reinforced its investment in the TechTransfer Fund and in the company Reckon.ai in the amounts of 15 thousand euros and 150 thousand euros, respectively, with the remaining variations corresponding to changes in the fair value of the investments.

15. 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 2024 are:

- NOS SGPS (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
- Ten Twenty One

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 March 2024.

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 quarters ended on 31 March 2023 and 2024 were as follows:

	31-12-2022	Income (Note B)	Equity	31-03-2023
Deferred income taxes assets				
Impairment of other receivable	9,288	(805)	-	8,483
Inventories	2,579	84	-	2,663
Other provisions and adjustments	39,761	(2,503)	-	37,258
Intragroup gains	26,851	109	-	26,960
Liabilities recorded as part of the allocation of fair value to the liabilities acquired in the merger operation	4,865	(170)	-	4,695
Assets recognized under application of IFRS 16	6,160	1,033	-	7,193
Derivatives	50	8	149	207
	89,554	(2,244)	149	87,459
Deferred income taxes liabilities				
Revaluations of assets as part of the allocation of fair value to the assets acquired in the merger	2,235	(42)	-	2,193
Derivatives	2,487	22	(220)	2,289
Others	2,785	(22)	-	2,763
	7,507	(42)	(220)	7,245
Net deferred tax	82,047	(2,202)	369	80,214

	31-12-2023	Income (Note B)	Equity	31-03-2024
Deferred income taxes assets				
Impairment of other receivable	7,209	1,302	-	8,511
Inventories	4,453	397	-	4,850
Other provision and adjustments	40,969	(1,692)	-	39,277
Intragroup gains	19,522	(432)	-	19,090
Assets recognized under application of IFRS 16	9,395	(9,395)	-	-
Derivatives	358	(228)	(108)	22
	81,906	(10,048)	(108)	71,750
Deferred income taxes liabilities				
Revaluations of assets as part of the allocation of fair value to the assets acquired in the merger	2,361	(43)	-	2,318
Liabilities recognized under application of IFRS 16	-	2,393	-	2,393
Derivatives	1,267	(133)	435	1,569
Others	1,870	(104)	-	1,766
	5,498	2,113	435	8,046
Net deferred tax	76,408	(12,161)	(543)	63,704

In this quarter, the Group derecognized the deferred tax (offsetted by tax receivable) resulting from the consideration, for tax purposes, of the application of IFRS 16 following the publication of Circular no. 3/2024, which changes the previous understanding of the Tax Authority regarding the depreciation period of Right of Use assets, now allowing depreciation to occur over the period of the contract in situations where the lease does not transfer ownership of the underlying asset to the lessee at the end of the lease term, nor is it estimated that a purchase option will be exercised.

On 31 March 2024, 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 25 million euros (31 December 2023: 25.6 million euros); and
- other provisions amounted to 14.3 million euros (31 December 2023: 15.4 million euros).

The revaluations of assets refer to the appreciation of telecommunications licenses and other assets at the merger of Group companies.

On 31 March 2024, deferred tax assets were not recognized for an amount of 0.4 million euros, corresponding mainly to tax incentives and losses.

Deferred tax assets were recognized 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.

On 31 March 2024, the tax rate used to calculate the deferred tax assets relating to tax losses carried forward was 21% (2023: 21%). In the case of temporary differences, the rate used was 22.5% (2023: 22.5%) increased to a maximum of 6.2% (2023: 6.2%) 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 no longer have a time limit for being carried 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 quarters ended on 31 March 2023 and 2024, the reconciliation between the nominal and effective rates of tax was as follows:

	3M 23	3M 24
Income before taxes	42,194	75,355
Statutory tax rate	22.5%	22.5%
Estimated tax	9,494	16,955
Permanent differences	(647)	(293)
Tax benefits	(1,646)	(10,384)
State surcharge	1,286	4,913
Autonomous taxation	144	221
Others	(1,485)	(3,892)
Income taxes	7,146	7,520
Effective Income tax rate	16.9%	10.0%
Income tax	4,709	(4,641)
Deferred tax	2,437	12,161
	7,146	7,520

On 31 March 2023 and 2024, the permanent differences were composed as follows:

	3M 23	3M 24
Equity method (Note 36)	(2,530)	(2,696)
Others	(2,874)	1,395
	(2,874)	(1,301)
	22.5%	22.5%
	(647)	(293)

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; fiscal benefit – RFAI (Investment Tax Incentive Regime) introduced by Law 10/2009 of 10 March; fiscal benefit of Incentive to Capitalization of Companies (ICE) – introduced by the Law 20/2023 of 17 May; and provisions for used tax incentives.

16. Inventories

On 31 December 2023 and 31 March 2024, this item was composed as follows:

	31-12-2023	31-03-2024
Inventories		
Telco	63,317	61,102
Audiovisuals	608	585
	63,925	61,687
Impairment of inventories		
Telco	(15,710)	(17,110)
	(15,710)	(17,110)
	48,215	44,577

The movements occurred in impairment adjustments were as follows:

	3M 23	3M 24
As of January 1	9,161	15,710
Increase and decrease - Cost of products sold (Note 33)	435	1,400
Utilizations / Others	(145)	-
As of March 31	9,451	17,110

17. Accounts receivables – Trade

On 31 December 2023 and 31 March 2024, this item was as follows:

	31-12-2023	31-03-2024
Trade receivables	486,090	478,399
Unbilled revenues	68,031	69,146
	554,121	547,545
Impairment of trade receivable	(213,341)	(203,276)
	340,780	344,269

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:

	3M 23	3M 24
As of January 1	214,582	213,341
Increases and decreases (Note 35)	4,877	3,230
Penalties	4,892	2,768
Utilizations / Others	(4,653)	(16,063)
As of March 31	219,698	203,276

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.

“Utilizations/Others” corresponds, mainly, to the derecognition of accounts receivable, after all collection efforts deemed appropriate for credit recovery have been exhausted or frustrated.

18. Contract assets

On 31 March 2024, the contract assets, in the amount of 42 million euros (31 December 2023: 47 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 recognized over the contract period (service rendered).

19. Prepaid expenses

On 31 December 2023 and 31 March 2024, this item was composed as follow:

	31-12-2023	31-03-2024
Costs related to specific corporate projects	14,248	13,219
Programming costs i)	9,617	12,448
Repair and maintenance	1,817	5,040
Costs of litigation procedure activity ii)	2,707	2,455
Advertising	374	1,097
Insurance	1,450	706
Others iii)	14,212	20,447
	44,425	55,412

- i) Programming costs correspond to costs inherent to the availability of channels, namely fixed fees, billed in advance. This cost is recognized in the period in which the channel is made available and transmitted, and recognized 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 recognized as the service is provided.
- iii) "Others" includes deferred costs, mainly related to expenses to be recognized 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 recognized in the income statement as the service is provided. The increase in this item results mainly from expenses paid in advance at the beginning of each year in respect of the current year.

20. Derivative financial instruments

Interest rate derivatives

On 31 March 2024, NOS have 3 interest rate swaps in a total amount of 180 million euros (31 December 2023: 180 million euros) and 9 zero cost collars, amounting a total of 377.5 million euros (31 December 2023: 377.5 million euros), contracted in 2023.

Exchange rate derivatives

At the date of the statement of the financial position there are foreign currency forwards open worth 21,266 thousand euros (31 December 2023: 19,916 thousand euros).

31-12-2023					
	Notional	Assets		Liabilities	
		Current	Non-current	Current	Non-current
Interest rate derivatives	557,500	-	5,386	-	1,036
Exchange rate derivatives	19,916	-	197	441	-
	577,416	-	5,583	441	1,036

31-03-2024					
	Notional	Assets		Liabilities	
		Current	Non-current	Current	Non-current
Interest rate derivatives	557,500	-	6,373	-	91
Exchange rate derivatives	21,299	389	90	7	-
	578,799	389	6,463	7	91

Movements during the quarters ended on 31 march 2023 and 2024 were as follows:

	31-12-2022	Income	Capital	31-03-2023
Fair value interest rate derivatives	10,947	-	(979)	9,968
Fair value exchange rate derivatives	(95)	38	(512)	(569)
Derivatives	10,852	38	(1,491)	9,399
Deferred income tax liabilities	(2,487)	(22)	220	(2,289)
Deferred income tax assets	50	8	149	207
Deferred income tax	(2,437)	(14)	369	(2,082)
	8,415	24	(1,122)	7,317

	31-12-2023	Income	Capital	31-03-2024
Fair value interest rate derivatives	4,350	-	1,932	6,282
Fair value exchange rate derivatives	(244)	330	386	472
Derivatives	4,106	330	2,318	6,754
Deferred income tax liabilities	(1,267)	133	(435)	(1,569)
Deferred income tax assets	358	(228)	(108)	22
Deferred income tax	(909)	(95)	(543)	(1,547)
	3,197	235	1,775	5,207

21. Cash and cash equivalents

On 31 December 2023 and 2024, this item was composed as follows:

	31-12-2023	31-03-2024
Cash	887	855
Current deposits	9,785	6,469
Term deposits	7,486	5,773
Cash and cash equivalents	18,158	13,097
Bank overdrafts (Note 25)	9,668	3,906
Cash and cash equivalents for the purposes of the Cash Flow Statement	8,490	9,191

On 31 March 2024, the "Term deposits" have maturity of less than 10 days and bear interest at market rates.

22. Shareholder's equity

22.1. Share capital

On 31 December 2023 and 31 March 2024, the share capital of NOS was 855,167,890.80 euros, respectively. On 31 March 2024, the share capital is represented by 515,161,380 shares registered book-entry shares, with a nominal value of 1.66 euro each (2023: 1.66 euro each).

The main shareholders as of 31 December 2023 and 31 March 2024 are:

	31-12-2023		31-03-2024	
	Number of shares	% Share capital	Number of shares	% Share capital
Sonaecom, SGPS, S.A.	192,527,188	37.37%	192,527,188	37.37%
ZOPT, SGPS, SA	134,322,269	26.07%	134,322,269	26.07%
Mubadala Investment Company	25,758,569	5.00%	25,758,569	5.00%
Total	352,608,026	68.45%	352,608,026	68.45%

According to paragraphs b) and c) of number 1 of article 20º and article 21º of the Portuguese Securities Code, a qualified shareholding of the share capital and voting rights of NOS, SGPS, S.A. as calculated in the terms of article 20º of the Portuguese Securities Code, is attributable to the following companies:

- 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 per announcements made to the CMVM by Sonae and Sonaecom on July 21, 2023). 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.
- ZOPT - This qualified holding is attributable to the companies Kento Holding Limited ("Kento"), BV, as well as to Mrs. Isabel dos Santos, being (i) Kento and Unitel International directly and indirectly controlled by Mrs. Isabel dos Santos; (ii) a ZOPT, a society controlled by Kento Holding Limited, Unitel International Holdings, BV.

22.2. 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.

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 March 2024 the amount of share issue premium is 4,202,356 euros (31 December 2023: 4,202,356 euros).

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.

22.3. 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.

On 31 March 2024 there were 3,750,705 own shares, representing 0.7281% of share capital (31 December 2023: 3,736,403 own shares, representing 0.7253% of the share capital).

The movements occurred in the quarters ended on 31 March 2023 and 2024 were as follows:

	Quantity	Value
Balance as of 1 January 2023	4,008,391	15,968
Acquisition of own shares	1,044,138	4,422
Distribution of own shares - share incentive scheme	(1,462,392)	(5,902)
Distribution of own shares - other remunerations	(27,625)	(111)
Balance as of 31 March 2023	3,562,512	14,377
Balance as of 1 January 2024	3,736,403	15,059
Acquisition of own shares	1,110,419	3,887
Distribution of own shares - share incentive scheme	(1,067,226)	(4,176)
Distribution of own shares - other remunerations	(28,891)	(113)
Balance as of 31 March 2024	3,750,705	14,657

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 March 2024 NOS had reserves, which by their nature are considered distributable for an amount of approximately 182.8 million euros, not including the net income.

Dividends

The General Meeting of Shareholders held on 12 April 2024 approved the Board of Directors' proposal to pay an ordinary dividend per share of €0.35, in the amount of €180,306 thousand. The dividend attributable to own shares amounted to approximately 1,348 thousand euros. The dividend was paid on 24 April 2024.

The General Meeting of Shareholders held on 5 April 2023 approved the Board of Directors' proposal to pay an ordinary dividend per share of €0.430, in the amount of €221,519 thousand. The dividend attributable to own shares amounted to approximately 1,532 thousand euros. The dividend was paid on 21 April 2023.

23. Non-controlling interests

The movements of the non-controlling interests occurred during the quarter ended on 31 March 2023 and 2024 and the results attributable to non-controlling interests for the year are as follows:

	31-12-2022	Attributable profits	Others	31-03-2022
NOS Madeira	5,432	155	(8)	5,579
NOS Açores	819	(22)	(2)	795
	6,251	133	(10)	6,374

	31-12-2023	Attributable profits	Others	31-03-2024
NOS Madeira	6,006	65	(6)	6,065
NOS Açores	579	(74)	(2)	503
	6,585	(9)	(8)	6,568

24. Borrowings

On 31 December 2023 and 31 March 2024, the composition of borrowings was as follows:

	31-12-2023		31-03-2024	
	Current	Non-current	Current	Non-current
Loans - nominal value	152,268	951,000	192,006	830,000
Debenture loan	75,000	350,000	-	400,000
Commercial paper	67,600	601,000	188,100	430,000
Bank overdrafts	9,668	-	3,906	-
Loans - accruals and deferrals	5,422	(1,183)	7,397	(1,236)
Loans - amortized cost	157,690	949,817	199,403	828,764
Leases	79,379	547,083	81,867	538,241
	237,069	1,496,900	281,271	1,367,005

During the quarter ended on 31 March 2024, the average cost of debt of the used lines was approximately 4.0% (2023: 3.4%).

The average global financing cost (used and unused lines) during the quarter ended on 31 March 2024 was approximately 4.1% (2023: 3.5%).

On 31 March 2024 there is no default in terms of capital, interest, conditions for redemption on loans payable or other commitments.

24.1. Debenture loans

On 31 March 2024, NOS has a total amount of 400 million euros of bonds issued:

- 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.
- A bond loan in the amount 50 million euros placed by BPI in April 2023 and maturing in January 2028. The loan bears interest at variable rates, indexed to Euribor and paid quarterly.
- A bond loan in the amount 75 million euros placed by Caixa Geral de Depósitos in April 2023 and maturing in April 2028. The loan bears interest at variable rates, indexed to Euribor and paid semi-annually.
- A bond loan in the amount of 60 million euros placed by BPI in December 2023 and maturing in June 2025. The loan bears interest at variable rates, indexed to Euribor and paid every semi-annually.
- A bond loan in the amount of 50 million euros placed by Caixa Geral de Depósitos in January 2024 and maturing in July 2026. The loan bears interest at variable rates, indexed to Euribor and paid quarterly.

On 31 March 2024, an amount of 3,149 thousand euros, corresponding to interest and commissions, was added to this amount and recorded in the item “Loans - accruals and deferrals”.

24.2. Commercial paper

On 31 March 2024, the Company has borrowings of 618.1 million euros in the form of commercial paper of which €63.1 million issued under programmes without underwriting. The total amount contracted, under underwriting securities, is of 900 million euros, corresponding to 16 programmes, with 6 banks, 800 million euros of which bear interest at market rates and 100 million euros are issued in fixed rate. Commercial paper programmes with maturities over one-year totaling 775 million euros (of which 430 million euros have been used as of 31 March 2024), 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.

On 31 March 2024 an amount of 3,012 thousand euros, corresponding to interest and commissions, was deducted to this amount, and recorded in the item “Loans - accruals and deferrals”.

24.3. Leases

On 31 December 2023 and 31 March 2024, 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.

Leases – payments

	31-12-2023	31-03-2024
Until 1 year	111,908	113,292
Between 1 and 5 year	296,689	314,209
Over 5 years	391,690	386,174
	800,287	813,675
Future financial costs (leases)	(173,825)	(193,567)
Present value of lease liabilities	626,462	620,108

Leases – present value

	31-12-2022	31-12-2023
Until 1 year	79,379	81,867
Between 1 and 5 years	190,875	216,917
Over 5 years	356,208	321,324
	626,462	620,108

At 31 December 2023 and 31 March 2024, the maturity of the loans obtained is as follows:

	31-12-2023			31-03-2024		
	Until 1 year	Between 1 and 5 years	Over 5 years	Until 1 year	Between 1 and 5 years	Over 5 years
Debtore loan	78,743	349,008	-	4,215	398,934	-
Commercial paper	69,279	600,809	-	191,282	429,830	-
Bank overdrafts	9,668	-	-	3,906	-	-
Leases	79,379	190,875	356,208	81,867	216,917	321,324
	237,069	1,140,692	356,208	281,271	1,045,681	321,324

25. Provisions

On 31 December 2023 and 31 March 2024, the provisions were as follows:

	31-12-2023	31-03-2024
Litigation and other - i)	30,345	29,541
Dismantling and removal of assets - ii)	22,294	22,254
Contingent liabilities - iii)	22,908	22,908
Contingencies - other - iv)	4,647	4,371
	80,154	79,371

- i) On 31 March 2024, the amount under the item "Litigation and other" corresponds to provisions to cover the legal and others claims in-progress;

- ii) 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;
- iii) 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 (concentration of business activities), namely:

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 been 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 requests 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, recognized 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 contribution 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;

- iv) 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 quarter ended on 31 March 2023, movements in provisions were as follows:

	31-12-2022	Increases	Decreases	Others	31-03-2023
Litigation and other	32,158	1,115	(1,645)	-	31,628
Dismantling and removal of assets	22,294	287	-	-	22,581
Contingent liabilities	22,908	-	-	-	22,908
Contingencies - other	3,907	363	-	(512)	3,758
	81,267	1,765	(1,645)	(512)	80,875

During the quarter ended on 31 March 2024, movements in provisions were as follows:

	31-12-2023	Increases	Decreases	Others	31-03-2024
Litigation and other	30,345	697	(430)	(1,071)	29,541
Dismantling and removal of assets	22,254	304	-	(7)	22,551
Contingent liabilities	22,908	-	-	-	22,908
Contingencies - other	4,647	512	-	(788)	4,371
	80,154	1,513	(430)	(1,866)	79,371

During the quarters ended on 31 March 2023 and 2024, 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 (under "Contingencies - other") and unfavorable decisions in legal proceedings (under "Litigation and other").

The net movements for the quarter ended on 31 March 2023 and 2024 reflected in the income statement under Provisions were as follows:

	3M 23	3M 24
Provisions and adjustments (Note 35)	(708)	163
Other losses / (gains) non-recurrent (Note 38)	363	512
Interests - dismantling	287	304
Other	178	104
Increases and decreases in provisions	120	1,083

26. Accrued expenses

On 31 December 2023 and 31 March 2024, this item was composed as follows:

	31-12-2023	31-03-2024
Current		
Invoices to be issued by operators i)	43,161	46,565
Investments in tangible and intangible assets	30,778	30,419
Advertising	19,591	22,663
Vacation pay and bonuses	24,956	22,561
Professional services	20,580	21,439
Content and film rights	13,412	14,657
Costs related to specific projects of business customers	16,475	14,238
Programming services	9,278	11,780
Fees (Anacom + Cinema Law) ii)	-	8,603
Energy and water	6,168	7,269
Comissions	5,349	6,064
Costs of litigation procedure activity	4,108	4,389
Maintenance and repair	2,664	2,818
Other accrued expenses	7,423	8,466
	203,943	221,931

i) Invoices to be issued by operators correspond predominantly to interconnection costs for international traffic and for the use of roaming services not yet billed.

ii) Amounts relating to ANACOM licences and other ICA fees, the invoicing of which is issued annually in subsequent periods.

27. Deferred income

On 31 December 2023 and 31 March 2024, this item was composed as follows:

	31-12-2023		31-03-2024	
	Current	Non-current	Current	Non-current
Advanced billing	42,964	-	43,071	-
	42,964	-	43,071	-

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.

28. Accounts payable – trade

On 31 March 2024, accounts payable to suppliers and other entities, amounting to 241 million euros (31 December 2023: 244 million euros), correspond to amounts payable arising from the company's operating activities.

29. Accounts payable – others

On 31 December 2023 and 31 March 2024, this item was composed as follows:

	31-12-2023	31-03-2024
Non-current		
Contractual rights	44,726	44,726
	44,726	44,726
Current		
Fixed assets suppliers	34,701	25,749
Contractual rights	2,881	3,171
Advances from customers	204	173
Advances on investment subsidies	7,470	5,097
Others	5,093	7,628
	50,349	41,818
	95,075	86,544

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.

30. Operational Revenue

Consolidated operating revenues, for the quarters ended on 31 March 2023 and 2024, were as follows:

	3M 23	3M 24
Services rendered:		
Communications service revenues i)	328,407	344,286
Revenue distribution and cinematographic exhibition ii)	9,070	10,068
Receitas de publicidade iii)	4,441	5,061
Advertising revenue iii)	5,426	6,182
Production and distribution of content and channels iv)	1,992	3,648
	349,336	369,245
Sales:		
Telco v)	22,303	22,423
Audiovisuals and cinema exhibition vi)	3,107	3,454
	25,410	25,877
Other operating revenues:		
Telco	6,638	7,986
Audiovisuals and cinema exhibition	20	180
	6,658	8,166
	381,404	403,288

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.

31. Wages and salaries

In the quarters ended on 31 March 2023 and 2024, this item was composed as follows:

	3M 23	3M 24
Remuneration	16,685	17,248
Social taxes	4,498	4,738
Social benefits	488	546
Other	296	146
	21,967	22,678

In the quarters ended on 31 March 2023 and 2024, the average number of employees of the companies included in the consolidation was 2,435 and 2,449, respectively. On 31 March 2024, the number of employees of the companies included in the consolidation was 2,458 employees.

The costs of compensations paid to employees, since they are non-recurring costs, are recorded in the item “Restructuring costs” (Note 38).

32. Direct costs

In the quarters ended on 31 March 2023 and 2024, this item was composed as follows:

	3M 23	3M 24
Exhibition costs	45,190	43,811
Costs related to corporate customers services	11,727	18,553
Traffic costs	16,800	16,083
Capacity costs	4,990	5,396
Shared advertising revenues	2,892	3,299
	81,599	87,142

33. Cost of products sold

In the quarters ended on 31 March 2023 and 2024, this item was composed as follows:

	3M 23	3M 24
Costs of products sold	21,345	21,405
Increases / (decreases) in inventories impairments (Note 16)	435	1,400
	21,780	22,805

34. Support services and supplies and external services

In the quarters ended on 31 March 2023 and 2024, this item was composed as follows:

	3M 23	3M 24
Support services:		
Administrative support and others	9,705	10,119
Call centers and customer support	9,409	8,344
Information systems	4,919	4,120
	24,033	22,583
Supplies and external services:		
Maintenance and repair	12,432	12,118
Electricity	4,713	7,790
Leasing of ducts and poles	6,431	6,494
Professional services	2,195	2,324
Installation and removal of terminal equipment	1,341	1,652
Travel and accommodation	893	875
Communications	723	674
Other supplies and external services	7,056	8,877
	35,784	40,804

35. Provisions and adjustments

In the quarters ended on 31 March 2023 and 2024, these items were composed as follows:

	3M 23	3M 24
Provisions (Note 25)	(708)	163
Impairment of account receivables - trade (Note 17)	4,877	3,230
Impairment of account receivables - others (Note 12)	39	48
Others	4	-
	4,212	3,441

36. Losses / (gains) of affiliated companies, net

In quarters ended on 31 March 2023 and 2024, this item was composed as follows:

	3M 23	3M 24
Equity method (Note 11)		
Finstar	(2,521)	(1,981)
Mstar	366	(301)
Upstar	(370)	(275)
Dreamia	(2)	(143)
Others	(3)	4
	(2,530)	(2,696)

37. Depreciation, amortization and impairment losses

In the quarter ended on 31 March 2023 and 2024, this item was composed as follows:

	3M 23	3M 24
Tangible assets		
Buildings and other constructions	4,097	1,795
Basic equipment	44,812	36,917
Tools and dies	14	55
Administrative equipment	987	868
Other tangible assets	215	109
	50,125	39,744
Intangible assets		
Industrial property and other rights	27,461	40,639
	27,461	40,639
Contract costs		
Contract costs	24,456	24,652
	24,456	24,652
Rights of use		
Rights of use	18,360	17,290
	18,360	17,290
Investment property		
Investment property	3	3
	3	3
	120,405	122,328

During the quarter ended 31 March 2024, NOS revised the depreciation rates of most of the software acquired and developed internally, reducing the useful life from 6 to 3 years, resulting in an increase in “Depreciation, amortization and impairment losses” (Intangible assets) in the amount of 12 million euros (Note 2.3.5).

38. Restructuring Costs

In the quarters ended on 31 March 2023 and 2024, this item was composed as follows:

	3M 23	3M 24
Personnel compensation (Note 25)	363	512
Personnel costs related to non-recurrent projects	(4)	5
	359	517

39. Other losses / (gains) non-recurrent, net

In the quarters ended on 31 March 2023 and 2024, the other non-recurring costs / (gains) was composed as follows:

	3M 23	3M 24
Gains:		
Legal processes	-	31,700
	-	31,700
Costs:		
Others	218	317
	218	317
Total	218	(31,383)

In the quarter ended on 31 March 2024, an income of 31.7 million euros was recognized, resulting from favorable decisions in the Constitutional Court in proceedings brought by the company related to the settlement of the Activity Tax (Note 44).

40. Financing costs and other financial expenses / (income), net

In the quarters ended on 31 March 2023 and 2024, financing costs and other financial expenses / (income) were composed as follows:

	3M 23	3M 24
Financing costs:		
Interest expense:		
Borrowings	4,885	11,356
Finance leases	7,428	8,254
Derivatives	50	-
Others	829	3,007
	13,192	22,617
Interest earned:		
Interest on late payments	(892)	(952)
Derivatives	(287)	(1,169)
Others	(133)	(148)
	(1,312)	(2,269)
Total	11,880	20,348
Net other financial expenses /(income):		
Comissions and guarantees	804	733
Others	169	238
	973	971

41. Net earnings per share

Earnings per share for the quarters ended on 31 March 2023 and 2024 were calculated as follows:

	3M 23	3M 24
Consolidated net income attributable to shareholders	34,915	67,844
Number of ordinary shares outstanding during the period (weighted average)	511,308,637	508,962,651
Basic earnings per share - euros	0.07	0.13
Diluted earnings per share - euros	0.07	0.13

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.

42. Guarantees and financial undertakings

42.1. Guarantees

On 31 December 2023 and 31 March 2024, the Group had furnished sureties, guarantees, and comfort letters in favour of third parties corresponding to the following situations:

	31-12-2023	31-12-2023
Tax authorities i)	33,392	33,392
Others ii)	15,763	14,870
	49,155	48,262

- i) On 31 December 2023 and 31 March 2024, this amount relates to guarantees demanded by the tax authorities in connection with tax proceedings contested by the Company and its subsidiaries (Note 44).
- ii) On 31 December 2023 and 31 March 2024, 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.

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 14.1 million euros.

42.2. Other undertakings

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 and Pari Passu, 96% are subject to Negative Pledge clauses and 70% 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 15% require that the consolidated net financial debt does not exceed 4 times EBITDA after payment of consolidated leases and about 6% require that the consolidated net financial debt does not exceed 4.5 times EBITDA after payment of consolidated lease.

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)

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	2023/24	Following
Estimated cash-flows with the contract signed by NOS with the sports entities*	104.4	352.6
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	49.2	201.0

* 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

ANOS 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 active mobile 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.

43. Related parties

43.1. 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 on 31 December 2023 and 31 March 2024 and transactions in the quarters ended on 31 March 2023 and 2024 between NOS Group and its associated companies, joint ventures and other related parties are as follows:

Balances on 31 December de 2023

	Balances on 31 December 2023		
	Accounts receivables and prepaid expenses	Accounts payable and deferred income	Borrowings
Associated companies	13,550	7,289	-
Sport TV	13,550	7,289	-
Jointly controlled companies	14,366	1,813	3,298
Dreamia S.A.	1,453	1,428	-
Dreamia Servicios de Televisión, S.L.	105	-	3,173
Dualgrid	-	88	-
Finstar	13,280	(40)	-
Mstar	(467)	-	-
Upstar	(17)	237	-
Bright City S.A.	11	100	125
Other related parties	7,181	1,678	-
Banco Bic Português, S.A.	204	-	-
Capwatt Services, S.A.	109	-	-
Centro Colombo Centro Comercial, S.A.	153	27	-
Centro Vasco da Gama-Centro Comercial,S.A.	80	139	-
Gaiashopping I- Centro Comercial, S.A.	98	497	-
Modelo Continente Hipermercados, S.A.	1,104	49	-
Norteshopping Centro Comercial, S.A.	499	417	-
Universo IME, S.A.	398	-	-
SFS, Gestão e Consultoria, S.A.	5	265	-
Sierra Portugal, S.A.	435	(1)	-
Sonae Investment Management-S.T.,SGPS,S.A.	121	-	-
MC Shared Services, S.A.	639	5	-
The Editory Collections Hotel, S.A.	143	-	-
Worten - Equipamento para o Lar, S.A.	1,971	192	-
Other related parties	1,221	87	-
	35,097	10,780	3,298

Transactions in the quarter ended on 31 March 2023

	31-03-2023		
	Services rendered	Supplies and external services	Interest gains
Associated companies	16,459	15,974	-
Big Picture 2 Films ⁽¹⁾	4	232	-
Sport TV ⁽²⁾	16,455	15,742	-
Jointly controlled companies	3,300	68	23
Dreamia Servicios de Televisión, S.L.	-	-	23
Dreamia S.A.	1,148	(36)	-
Finstar	2,147	-	-
Upstar	5	32	-
Dualgrid	-	72	-
Other related parties	7,522	2,205	-
Banco Bic Português, S.A.	460	-	-
Cascaishopping Centro Comercial, S.A.	3	292	-
Centro Colombo Centro Comercial, S.A.	5	356	-
Centro Vasco da Gama Centro Comercial, S.A.	3	192	-
Continente Hipermercados, S.A.	128	12	-
Fashion Division, S.A.	172	-	-
Gaiashopping I Centro Comercial, S.A.	3	113	-
Modalfa - Comércio e Serviços, S.A.	257	-	-
Modelo Continente Hipermercados, S.A.	1,433	36	-
Norteshopping Centro Comercial, S.A.	3	427	-
Pharmacontinente - Saúde e Higiene, S.A.	107	-	-
SC - Sociedade de Consultoria, S.A.	200	-	-
SFS - Financial Services, IME, S.A.	149	-	-
SFS, Gestão e Consultoria, S.A.	5	116	-
Sierra Portugal, S.A.	391	34	-
Solinca Classic, S.A.	101	-	-
Sonae MC - Serviços Partilhados, S.A.	1,555	1	-
Worten - Equipamento para o Lar, S.A.	1,709	246	-
Other related parties	838	380	-
	27,281	18,247	23

Balances on 31 March de 2024

	Balances on 31 March 2024		
	Accounts receivables and prepaid expenses	Accounts payable and deferred income	Borrowings
Associated companies	15,118	9,454	-
Sport TV	15,118	9,454	-
Jointly controlled companies	14,377	2,240	3,625
Dreamia S.A.	1,511	1,054	-
Dreamia Servicios de Televisión, S.L.	35	-	3,267
Dualgrid	-	93	-
Finstar	12,834	630	-
Upstar	(15)	273	-
Bright City S.A.	12	190	358
Other related parties	7,102	2,017	-
Banco Bic Português, S.A.	358	-	-
Capwatt Services, S.A.	161	4	-
Centro Colombo Centro Comercial, S.A.	161	196	-
Centro Vasco da Gama-Centro Comercial, S.A.	148	671	-
Gaiashopping I- Centro Comercial, S.A.	1,062	37	-
Modelo Continente Hipermercados, S.A.	496	579	-
Norteshopping Centro Comercial, S.A.	251	-	-
Universo IME, S.A.	8	138	-
SFS, Gestão e Consultoria, S.A.	581	2	-
Sierra Portugal, S.A.	138	-	-
Sonae Investment Management-S.T., SGPS, S.A.	754	3	-
MC Shared Services, S.A.	134	-	-
The Editory Collections Hotel, S.A.	358	-	-
Worten - Equipamento para o Lar, S.A.	1,701	293	-
Other related parties	1,149	94	-
	36,597	13,711	3,625

Transactions in the quarter ended on 31 March 2024

31-03-2024

	Services rendered	Supplies and external services	Interest gains
Associated companies	13,827	16,885	-
Sport TV ⁽²⁾	13,827	16,885	-
Jointly controlled companies	3,556	220	26
Dreamia Servicios de Televisión, S.L.	-	-	24
Dreamia S.A.	1,197	(44)	-
Finstar	2,351	-	-
Upstar	-	76	-
Dualgrid	1	158	2
Bright City S.A.	-	-	24
Other related parties	6,286	2,281	-
Banco Bic Português, S.A.	476	-	-
Cascaishopping Centro Comercial, S.A.	3	244	-
Centro Colombo Centro Comercial, S.A.	5	581	-
Centro Vasco da Gama Centro Comercial, S.A.	4	256	-
Continente Hipermercados, S.A.	123	8	-
Gaiashopping I Centro Comercial, S.A.	3	173	-
Modelo Continente Hipermercados, S.A.	1,380	28	-
Norteshopping Centro Comercial, S.A.	4	412	-
Pharmacontinente - Saúde e Higiene, S.A.	101	13	-
Universo IME, S.A.	144	-	-
Sierra Portugal, S.A.	415	18	-
Solinca Classic, S.A.	113	-	-
MC Shared Services, S.A.	1,182	-	-
The Editory Collections Hotel, S.A.	123	-	-
Worten - Equipamento para o Lar, S.A.	1,314	149	-
Outras partes relacionadas	896	399	-
	23,669	19,386	26

(1) Company ceased to be a related party in June 2023, due to the disposal of the shareholding in the company.

(2) In the quarter ended on 31 March 2024, the amount related to Sales and Services Rendered includes about 13 million euros (31 March 2023: 16 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 42.2).

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.

44. Legal actions and contingent assets and liabilities

44.1. Legal actions with regulators and Competition Authority (AdC)

- i. 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, 2021, 2022 and 2023) 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, 2021, 2022 and 2023.

The settlement amounts are, respectively, as follows:

- a) 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, 2021: 9,653 thousand euros, 2022: 9,850 thousand euros and 2023: 10,486 thousand euros.
- b) 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, 2021: 123 thousand euros, 2022: 123 thousand euros and 2023: 120 thousand euros.
- c) 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, 2021: 223 thousand euros, 2022: 235 thousand euros and 2023: 247 thousand euros.
- d) NOS Wholesale: 2020: 36 thousand euros, 2021: 110 thousand euros, 2022: 90 thousand euros and 2023: 106 thousand euros.

This fee is a percentage decided annually by ANACOM (in 2009 it was 0.5826%) of operators' electronic communications revenues. The appeals invoke: i) 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. Judgments have been handed down in more than three dozen cases on the matter, which ANACOM has appealed to the Central Administrative Court, Supreme Administrative Court and/or the Constitutional Court, pending the outcome of the cases. Between 2023 and the first quarter of 2024, the Constitutional Court ruled, in more than two dozen separate cases, that have become final and unappealable, that Ordinance 1473-B/2008, of December 17, which regulates the determination of fees due for the exercise of the activity of provider of electronic communications networks and services, is unconstitutional, and ordered ANACOM to refund the amount unduly charged. In the quarter ended on 31 March 2024, an accumulated profit of 70.2 million euros (2023: 38.5 million euros and 2024: 31.7 million euros) was recognized as a result of the favorable decisions in the Constitutional Court, and 35.8 million euros (2023: 15.6 million euros and 2024: 20.2 million de euros) were received (Note 39). The remaining process are awaiting final judgment/decision.

- ii. 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, as a result of prices changes, 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, ANACOM gave NOS 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, and, in June 2023, the court reduced the amount of the fine imposed on NOS to €4.2 million. NOS appealed this decision to the Court of Appeal.

- iii. 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.
- iv. 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 and subsequently challenged the nullity of the taking of evidence. 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.

44.2. Tax authorities

During the course of the 2003 to 2023 financial years, some companies of the NOS Group were the subject of tax inspections for the 2001 to 2021 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 38 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 42.

44.3. 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 in the first quarter of 2016, being the 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 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 and in November 2019, this, 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 determined 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. In December 2022, the expert asked to be relieved of his duties because he felt that the qualified non-judicial verification was unfeasible in view of the volume of documentation to be analyzed, having the court determined in April 2023, that, in view of the expert's request, the trial should be limited to the submission of written pleadings. The parties submitted their written pleadings in June and NOS, in addition, filed an autonomous appeal against that order, on the grounds that the court's decision violated the STJ judgment. In July 2023, even though no additional evidence had been produced as determined by the STJ, the Court handed down a new decision ordering NOS to pay 5.3 million euros. This decision has already been appealed to the Lisbon Court of Appeal. Further developments are awaited.

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. At the end of March 2023, the Lisbon Court of Appeal revoked the initial decision and ordered the expansion of the facts, which will entail new trial sessions. 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.

44.4. 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 defense. The action's value has been fixed at EUR 60,000. After the discussion and trial sessions were held in 2022, NOS filed an appeal against the court decision that dispensed with the production of testimonial evidence, which was upheld by the Lisbon Court of Appeal. The discussion and judgment trial sessions have been scheduled for the first half of 2024. 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.

44.5. 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.

44.6. Interconnection tariffs

On 31 March 2024, 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 favorable 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 presented its defense contesting MEO's petition, a preliminary hearing was held and, by court decision, NOS was acquitted of the case. MEO filed an appeal against the decision, which was dismissed, and in February 2023 filed a new appeal to the STJ where NOS presented reply to allegations. In October 2023, the STJ dismissed the appeal filed by MEO which, in November 2023, appealed to the Constitutional Court, which, in March 2024, decided not to hear the appeal. In April 2024, MEO filed a complaint with the conference. Further developments of the process are awaited, being the understanding of the Board of Directors, supported by the lawyers who monitor the process, that there is, in substantive terms, a good chance that NOS SA can win the action.

45. 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.

On 31 March 2024, the unvested plans are:

	Number of shares
Plan NOS	
Plan 2022	1,156,11
Plan 2023	1,035,187

During the quarter ended on 31 March 2024, the movements that occurred in the plans are detailed as follows:

	NOS Plan 2021	NOS Plan 2022	NOS Plan 2023	Total
Balance as at 31 December 2023	1,426,069	1,164,196	-	3,628,865
Movements in the period:				
Vested	(1,059,516)	(5,909)	(1,801)	(1,067,226)
Cancelled/Elapsed/Corrected ⁽¹⁾	(366,553)	(2,176)	(1,612)	(370,341)
Balance as at 31 March 2024	-	1,156,111	1,035,187	2,191,298

(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 recognized 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 of 31 March 2024, the outstanding responsibility related to these plans is 3,903 thousand euros and is recorded in Reserves.

The costs recognized in previous years and in the quarter ended on 31 March 2024, and its liabilities are as follows:

	Total
Costs recognized in previous years related to plans as at 31 December 2023	7,099
Costs of plans vested in the period	(3,256)
Cost of plans paid in cash	(1,180)
Costs incurred in the period and others	1,240
Total cost of the plans	3,903

46. Non current assets held for sale

On 8 April 2024, NOS sold an additional portfolio of mobile sites to Cellnex, receiving 57.3 million euros for the transaction.

On 31 March 2024, the assets and liabilities related to these mobile sites were classified as held for sale.

At 31 March 2024, the contributions to the statement of financial position from assets and liabilities held for sale are as follows:

	31-03-2024
Asset	
Non-current assets:	
Tangible assets	7,272
Rights of use	1,108
Total non-current asset	8,380
Total assets held for sale	8,380
Liabilities	
Non-current liabilities:	
Loans	871
Provisions	7
Total non-current liabilities	878
Current liabilities:	
Loans	212
Total current liabilities	212
Total liabilities directly associated with assets held for sale	1,090
Total assets and liabilities	7,290

47. Other matters

47.1. 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.

In September 2022, Sonaecom informed that in a meeting of the General Meeting of ZOPT it was decided to proceed with the amortization of Sonaecom's stake in that company and the refund of the additional payments made by Sonaecom, for a consideration that includes the delivery of shares representing 26.075% of the capital of NOS. As a result of this repayment, which was subject to the applicable legal procedures, 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 do Santos. In December 2022, Sonaecom, upon completion of the legal procedures, informed that it now directly holds 134,322,268 ordinary shares of NOS, corresponding to 26.07% of its share capital.

Additionally, also informed that such participation is also attributable to the entities with which it is in a control relationship, namely, SONTEL, BV, Sonae Investments, BV, SONAE, SGPS, S.A. and EFANOR INVESTIMENTOS, SGPS, S.A..

The Board of Directors of NOS is not aware of any developments in the above mentioned preventive seizure process.

To date, Sonaecom holds 192,527,188 ordinary shares corresponding to 37.37% of NOS' share capital.

48. Subsequent events

On April 8, 2024, NOS sold an additional portfolio of mobile sites to Cellnex, receiving 57.3 million euros for the transaction (Note 46).

On April 12, 2024, the General Meeting approved the Board of Directors' proposal to pay an ordinary dividend per share of 0.35 euros, totaling 180,306 thousand euros. The dividend attributable to own shares amounted to approximately 1,348 thousand euros. The dividends were paid on April 24, 2024.

As of the date of approval of this document, there have been no other relevant subsequent events that merit disclosure 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.

49. Annexes

A. Companies included in the consolidation by the full consolidation method

Company	Headquarter	Main activity	Shareholder	Percentage of ownership		
				Effective 31-03-2023	Direct 31-03-2024	Effective 31-03-2024
NOS, SGPS, S.A. (Holding)	Lisbon	Management of investments	-	-	-	-
Fundo de Capital de Risco NSG (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 communications 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.	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 - Conceção, 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	0%	100%	100%
Per-Mar - Sociedade de Construções, S.A. ('Per-Mar')	Lisbon	Purchase, sale, renting and operation of property and commercial establishments	NOS Comunicações	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 group financing activities	NOS	100%	100%	100%
Ten Twenty One, S.A (c)	Lisbon	Provision of engineering and consulting services in the area of information technology, communications and electronics	NOS	-	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) Company established in February 2023

B. Associated companies

Company	Headquarter	Main activity	Shareholder	Percentage of ownership		
				Effective 31-03-2023	Direct 31-03-2024	Effective 31-03-2024
Big Picture 2 Films, S.A. (a)	Oeiras	Import, distribution, exploitation, trade and production of cinematographic films, videograms, phonograms and other audiovisual products	NOS Audiovisuais	20%	-	-
Big Picture Films, S.L. (a)	Madrid	Film sales and distribution	Big Picture 2 Films, S.A.	20%	-	-
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%	25%	25%

(a) Company disposed in June 2023.

C. Jointly controlled companies

Company	Headquarter	Main activity	Shareholder	Percentage of ownership		
				Effective 31-03-2023	Direct 31-03-2024	Effective 31-03-2024
Dreamia Servicios de Televisión, S.L. (a)	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 (a)	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	50.00%	50.00%	50.00%
BrightCity S.A.	Maia	Creation and development of technologies to improve electrical, lighting, communications, information systems management or other infrastructures; trade and provision of services for the better management of available resources with an environmental, economic and social impact, including, but not limited to, the supply, installation and maintenance of electrical equipment and electricity distribution networks, the assembly, installation and maintenance of lighting and signaling systems and equipment, the optimized management of parking spaces and road traffic, the management of water consumption, the supply, installation and management of communications networks, data processing, technical support, maintenance and other information technology services, as well as any other ancillary or complementary activities.	NOS Comunicações	0.00%	50.00%	50.00%

(a) 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	Headquarter	Main activity	Shareholder	Percentage of ownership		
				Effective 31-03-2023	Direct 31-03-2024	Effective 31-03-2024
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%
CEiiA (a)	Matosinhos	Develops, implements and operates innovative products and systems, together with its partners, for mobility industries such as aeronautics, automobiles, oceans and space.	NOS	0,00%	16,20%	16,20%
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%	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%	0,00%
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%
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%
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%	2,09%
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	11,76%	11,76%	11,76%
Seems Possible, Lda. (Knock Healthcare) (c)	Porto	Data processing activities, information domiciliation and related activities, namely in the health area.	Fundo NOS 5G	0,00%	0,00%	0,00%
SkillAugment, Lda (KIT-AR) (c)	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%	0,00%

(a) NOS SGPS subscribed to 150 units of CEiiA - Centro de Engenharia e Desenvolvimento, giving it a 16.2% stake.

(b) The NOS 5G Fund only holds 1 share in each entity, representing 0.0% of the capital.

(c) The investment in the entity was in convertible debt, so the interest is 0%.

LIMITED REVIEW REPORT

PREPARED BY AUDITOR REGISTERED IN CMVM



KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A.
Edifício FPM41 – Avenida Fontes Pereira de Melo, 41 – 15º
1069-006 Lisboa – Portugal
+351 210 110 000 – www.kpmg.pt

LIMITED REVIEW REPORT ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(This report is a free translation to English from the original Portuguese version. In case of doubt or misinterpretation the Portuguese version will prevail.)

Introduction

We have performed a limited review of the accompanying condensed consolidated financial statements of **NOS, SGPS, S.A.** (the Group), which comprise the condensed consolidated statement of financial position as of 31 March 2024 (that presents a total of 3,462,873 thousand Euro and total equity attributable to the shareholders of 1,054,771 thousand Euro, including a consolidated net profit attributable to the shareholders of 67,844 thousand Euro), the condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the 3 month period then ended, and notes to these condensed consolidated financial statements.

Management's responsibilities

Management is responsible for the preparation of this condensed consolidated financial statements in accordance with IAS 34 – Interim Financial Reporting as adopted by the European Union, and for the implementation and maintenance of an appropriate internal control system to enable the preparation of condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibilities

Our responsibility is to express a conclusion on the accompanying condensed consolidated financial statements. Our work was performed in accordance with the international standards on review engagements and further technical and ethical standards and guidelines issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"). These standards require that we conduct the review in order to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared in all material respects in accordance with the IAS 34 – Interim Financial Reporting as adopted by the European Union.

A limited review of condensed consolidated financial statements is a limited assurance engagement. The procedures that we have performed consist mainly of making inquiries and applying analytical procedures and subsequent assessment of the evidence obtained. The procedures performed in a limited review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (ISA). Accordingly, we do not express an audit opinion on these condensed consolidated financial statements.



Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements of **NOS, SGPS, S.A.** on 31 March 2024, are not prepared, in all material respects, in accordance with the IAS 34 – Interim Financial Reporting as adopted by the European Union.

Other matters

The consolidated financial statements for the year ended 31 December 2023 and the three-month period ended 31 March 2023, which are presented for comparative purposes, have been audited and reviewed by another statutory auditor, who issued a Statutory and Auditors' Report, dated 5 March 2024 for the financial year 2023 and a Limited review report dated 26 April 2023 for the three-month period ended 31 March 2023. Our acceptance as Statutory Auditors to perform the audit for the financial year commencing 1 January 2024 occurred on 12 April 2024.

14 May 2024

SIGNED ON THE ORIGINAL

KPMG & Associados

Sociedade de Revisores Oficiais de Contas, S.A.

(nr. 189 and registered at CMVM with the nr. 20161489)

represented by

Pedro Jorge Quental e Cruz

(ROC nr. 1765 and registered at CMVM with the nr. 20161607)



RUA ACTOR ANTÓNIO SILVA, Nº9, CAMPO
GRANDE, 1600-404 LISBOA

www.nos.pt/ir