



2023

Earnings announcement



Message from Miguel Almeida, CEO

“The results we are announcing today are confirmation of the bold strategic choices we made to accelerate investment in technological leadership, customer experience and digital transformation. NOS today is a stronger, faster, and more flexible company, with a highly talented and experienced team and a unique combination of core assets, which together enable us to grow ahead of our peers and deliver superior returns. With the most intense years of 5G investments now behind us, we are on a solid trajectory of free cash flow generation which, allied with the strength of our balance sheet, are supportive of sustained attractive shareholder returns”.

Highlights of 2023 results

A bastion of profitable growth and superior returns:

- Consolidated Revenue growth of 5.0% in FY23 and 4.2% in 4Q23, driven primarily by strength of telco operation.
- Consolidated EBITDA AL growth of 10.1% in FY23 and 12.3% in 4Q23;
- EBITDA AL – CAPEX increased to 215.6 M€ in FY23, up by 163.8 M€ yoy;
- Underlying FCF growth of 119.3M€ to 148.5M€.
- DPS proposal of 0.350 euros representing a 99.6% pay-out of Net Income and a 10.6% dividend yield.

Table 1.

2023 FY & 4Q highlights	4Q23 yoy	FY23 yoy
Consolidated Revenues	4.2%	5.0%
Consolidated EBITDA AL	12.3%	10.1%
Consolidated EBITDA AL - CAPEX	5.3x	4.2x
FCF ex tower deal ¹	3.0x	5.1x

¹) Excluding capital gains and VAT related to tower deals

Strategic choices are driving operational success.

Our strategic decision to accelerate 5G deployment, reaching over 94% population coverage in just two years, is bearing fruits as reflected in the strength of our operational momentum in all services, with more than 69.6% of our subscribers taking higher value integrated offers within the context of our convergent strategy. We are particularly proud to have been awarded independent recognition as the fastest mobile network in Europe in the most recent Ookla® speed tests, with a speed score of 183.36 Mbps, well ahead of other operators.

Operational success is reflected in all business lines with growth in total RGUs to 11.014 million, the main driver of growth being mobile with 183k net adds in 2023. In fixed services, we grew our customer base by an additional 25k Fixed Pay TV and 28k broadband customers, particularly relevant given the already very high levels of penetration of these services in Portugal at over 95% household penetration in both cases.

The value proposition of our integrated and convergent solutions is highly valued by the market, with households on average subscribing to 5 services, combining fixed Broadband connectivity, mobile communications, and our award winning linear and OTT platform - “NOS TV”. On average, the revenue generated by our residential customers in 4Q23 amounted to 50.9 euros, reflective of the very attractive level of pricing compared with competing offers.

In B2B, NOS is making significant inroads with innovative cloud and IT based solutions that are helping drive revenue growth, despite the relative maturity of legacy telco solutions in the segment. NOS’ positioning as a leading partner for business transformation is reinforced by the strength of its’ technological asset base and active participation in the innovation and development ecosystem, laying the foundations for future growth.

Our Cinema theatres enjoyed a significant boost in movie going during the year and box office sales returned to close to pre-pandemic levels of 2019, catapulted by blockbuster hits such as the “Barbenheimer” phenomena. Despite a more anaemic 4Q23, for the full year NOS registered a 28.7% increase in tickets sold in comparison with 2022 and of -13.1% in comparison with 2019.

Best in class financial performance

Table 2.

Profit and Loss Statement (Millions of Euros)	4Q22	4Q23	4Q23 / 4Q22	2022	2023	2023 / 2022
Operating Revenues	397.5	414.3	4.2%	1,521.0	1,597.5	5.0%
Telco	380.2	401.2	5.5%	1,469.2	1,532.7	4.3%
Consumer Revenues	269.1	283.0	5.1%	1,033.4	1,097.5	6.2%
Business Revenues	82.7	92.5	11.9%	336.5	335.3	(0.3%)
Wholesale and Others	28.4	25.7	(9.7%)	99.3	99.9	0.6%
Audiovisuals & Cinema	27.1	22.2	(17.9%)	89.6	99.4	11.0%
Others and Eliminations	(9.8)	(9.1)	(7.4%)	(37.8)	(34.7)	(8.2%)
Operating Costs Excluding D&A	(246.6)	(250.7)	1.7%	(869.9)	(880.8)	1.2%
Telco	(242.4)	(247.1)	1.9%	(863.2)	(862.4)	(0.1%)
Audiovisuals & Cinema	(14.0)	(12.7)	(8.9%)	(44.6)	(53.2)	19.3%
Others and Eliminations	9.8	9.1	(7.4%)	37.8	34.7	(8.2%)
EBITDA ⁽¹⁾	150.9	163.6	8.4%	651.1	716.7	10.1%
EBITDA Margin	38.0%	39.5%	1.5pp	42.8%	44.9%	2.1pp
Telco	137.8	154.1	11.8%	606.0	670.4	10.6%
EBITDA Margin	36.2%	38.4%	2.2pp	41.2%	43.7%	2.5pp
Cinema Exhibition and Audiovisuals	13.1	9.5	(27.3%)	45.1	46.3	2.7%
EBITDA Margin	48.5%	42.9%	(5.6pp)	50.3%	46.5%	(3.7pp)
Depreciation and Amortization	(135.3)	(123.8)	(8.5%)	(480.9)	(483.6)	0.6%
(Other Expenses) / Income	23.7	32.3	36.5%	100.0	31.2	(68.8%)
Operating Profit (EBIT) ⁽²⁾	39.3	72.1	83.7%	270.2	264.2	(2.2%)
Share of profits (losses) of associates and joint ventures	5.1	0.4	(91.6%)	22.1	5.1	(77.0%)
(Financial Expenses) / Income	(9.5)	(20.7)	119.4%	(35.2)	(69.2)	96.5%
Leases Financial Expenses	(7.3)	(8.0)	9.5%	(25.9)	(31.0)	19.5%
Funding & Other Financial Expenses	(2.2)	(12.8)	486.3%	(9.3)	(38.2)	311.2%
Income Before Income Taxes	35.0	51.8	48.3%	257.1	200.1	(22.2%)
Income Taxes	(1.7)	3.1	283.5%	(32.7)	(18.8)	(42.6%)
Net Income Before Associates & Non-Controlling Interests	28.1	54.5	93.8%	202.3	176.3	(12.9%)
Net income	33.3	54.9	65.1%	224.4	181.3	(19.2%)
Net income attributable to Non-controlling interests	(0.0)	(0.2)	973.3%	0.1	(0.3)	361.1%
Net Income attributable to NOS shareholders	33.3	54.7	64.2%	224.6	181.0	(19.4%)
Net Income attributable to NOS shareholders excluding gain from tower sale	10.0	54.7	444.7%	138.5	181.0	30.7%

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

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

Table 3.

EBITDA AL (Millions of Euros)	4Q22	4Q23	4Q23 / 4Q22	2022	2023	2023 / 2022
Leasings	(31.2)	(29.1)	(6.6%)	(103.3)	(113.5)	9.8%
Telco	(29.2)	(26.6)	(8.7%)	(93.3)	(103.4)	10.9%
Cinema Exhibition and Audiovisuals	(2.0)	(2.5)	25.0%	(10.1)	(10.0)	(0.4%)
Operating costs Excluding D&A AL	(277.8)	(279.8)	0.8%	(973.3)	(994.3)	2.2%
Telco	(271.6)	(273.7)	0.8%	(956.5)	(965.8)	1.0%
Audiovisuals & Cinema	(16.0)	(15.2)	(4.7%)	(54.6)	(63.2)	15.7%
Others and Eliminations	9.8	9.1	(7.4%)	37.8	34.7	(8.2%)
EBITDA AL	119.7	134.5	12.3%	547.7	603.2	10.1%
EBITDA AL margin	30.1%	32.5%	2.3pp	36.0%	37.8%	1.7pp
Telco	108.6	127.5	17.3%	512.7	566.9	10.6%
EBITDA AL margin	28.6%	31.8%	3.2pp	34.9%	37.0%	2.1pp
Audiovisuals & Cinema	11.1	7.0	(36.8%)	35.0	36.3	3.6%
EBITDA AL margin	41.0%	31.6%	(9.5pp)	39.0%	36.5%	(2.6pp)

+5.0% Consolidated Revenue growth led by Telco

FY23 Consolidated Revenue growth of 5% yoy was driven primarily by the strength of our B2C telco revenues and continued yoy recovery in our Audiovisuals and Cinema operations. 4Q23 Consolidated Revenues were 4.2% higher yoy which combined a 5.5% increase in Telco Revenues helping to offset an almost 18% decline in Audiovisuals and Cinemas due to the less popular slate of movies exhibited in the quarter.

Total Telco revenues were 4.3% higher in 2023 and 5.5% in 4Q23. In the B2C segment, revenues grew by 6.2% with RGU growth and value mix leading the sturdy performance, with average revenue per family increasing by 5% to 50.3 euros in the full year. In B2B, underlying revenues grew more than 5% reflecting very strong momentum in the SoHo segment and in large corporate accounts. However total B2B revenues were marginally lower in FY23 due to the reduction in low margin project-based contracts with almost equivalent positive impact on OPEX, the main impact of which was felt in the first half of the year with 4Q23 revenues already posting a significant 11.9% yoy increase.

The “Wholesale and Other Revenues” (WS&O) aggregate was relatively flat in FY23 at 100 million euros (+0.6%) however quarterly performance reflected the typical volatility of low margin mass calling service revenues, posting a decline of 9.7% in 4Q23.

With movies going almost back to pre-pandemic levels, our cinema exhibition and movie distribution business saw an increase in revenues of 11% in FY23. The strength of the first 9 months of the year was reversed however in 4Q23 with the lower number of blockbusters driving a decline in our Cinema and Audiovisuals Revenues of 17.9%.

Table 4.

Operating Indicators ('000)	4Q22	4Q23	4Q23 / 4Q22	2022	2023	2023 / 2022
Cinema						
Revenue per Ticket (Euros)	5.9	5.8	(2.0%)	5.7	5.9	3.0%
Tickets Sold - NOS	1,890.8	1,710.4	(9.5%)	6,261.0	8,056.3	28.7%
Tickets Sold - Total Portuguese Market ⁽¹⁾	2,856.7	2,687.4	(5.9%)	9,613.9	12,290.4	27.8%
Screens (units)	214	214	0.0%	214	214	0.0%

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

+10.1% Consolidated EBITDA AL growth grounded in the quality of the revenue mix and structural efficiencies in cost management.

Benefitting from overall revenue growth, the significant increase in 2023 Consolidated EBITDA AL also resulted from the ability to contain OPEX AL growth (+2.2% yoy) with cost optimization and business transformation initiatives driving cost efficiencies across the board. In 4Q23, EBITDA AL growth was even stronger at 12.3% yoy led by a particularly good performance in Telco operations (+17.3%) which helps to offset the weaker quarter for Audiovisuals and Cinemas.

Of major Direct cost items in 2023, the main areas of yoy decline were Cost of Goods sold due primarily to the lower level of project-based contracts mentioned in the B2B revenue segment and some savings on the variable component of sports channel programming costs. In total, Direct Costs reduced by 0.8% in 2023 however the yoy saving was offset by an increase in Commercial, Structure & Operating Costs, the main drivers of which being higher wages and increased network costs related with continuous network deployment.

+30.7% growth in Net Results, excluding the impact of the 2022 tower transaction, to 181.0 million euros.

The yoy improvement in Net Results is primarily a consequence of the strong EBITDA performance. The main additional impacts below EBITDA include the negative effect of the higher interest rate environment on Net Financial Expenses (-36.9 million euros). In 2023 NOS recognized income of 38.5 million euros from a favourable court ruling regarding a claim for settlement of Activity Fees, of which 15.6 million euros was already received in 4Q23. Net Results were also Impacted by a negative contribution of 17 million euros from our share of associate companies and JVs, due primarily to the negative exchange rate fluctuations impacting the results of our 30% financial holding in ZAP.

Total CAPEX down by over 108 million euros to 387.6 million euros, confirming guidance of structural decline post 5G deployment.

The amount of Expansionary Telco CAPEX fell by 52.6%, due to the end of the accelerated 5G deployment cycle having reached population coverage of 94%. This was the primary contributor to the decline in Telco CAPEX which finished the year at 367.8 million euros. At these more normalized levels of CAPEX, NOS continues to extend its' FttH coverage within the context of its' sharing and wholesale agreements, and to maintain a robust level of investment in ongoing upgrades to existing platforms and systems. In 2023, NOS' FttH footprint increased by 675k households, reaching 74.8% of its' total 5.4 million household Gigabit fixed coverage. Consistent with an economically rational and more sustainable approach to network deployment, in January 2024, NOS announced an extension of its' FttH sharing agreement by an additional 1.1 million households. As a proportion of Telco Revenues, in 2023, Technical CAPEX amounted to 14.7%, down from 22.1% in 2022.

Table 5.

CAPEX (Millions of Euros) ⁽¹⁾	4Q22	4Q23	4Q23 / 4Q22	2022	2023	2023 / 2022
Total CAPEX Excluding Leasing Contracts & Other Contractual Rights	131.7	94.8	(28.0%)	495.9	387.6	(21.8%)
Telco	125.7	89.1	(29.1%)	473.0	367.8	(22.3%)
% of Telco Revenues	33.1%	22.2%	(10.9pp)	32.2%	24.0%	(8.2pp)
o.w. Technical CAPEX	87.1	53.7	(38.4%)	325.1	225.3	(30.7%)
% of Telco Revenues	22.9%	13.4%	(9.5pp)	22.1%	14.7%	(7.4pp)
Baseline Telco	42.6	41.1	(3.5%)	161.3	147.6	(8.5%)
Network Expansion / Substitution and Integration Projects and Others	44.5	12.6	(71.7%)	163.9	77.7	(52.6%)
o.w. Customer Related CAPEX	38.6	35.4	(8.3%)	147.9	142.5	(3.7%)
% of Telco Revenues	10.2%	8.8%	(1.3pp)	10.1%	9.3%	(0.8pp)
Audiovisuals and Cinema Exhibition	6.0	5.7	(5.0%)	22.9	19.8	(13.3%)
Leasing Contracts & Other Contractual Rights	80.5	21.2	(73.7%)	129.9	87.2	(32.8%)
Total Group CAPEX	212.2	116.0	(45.4%)	625.8	474.8	(24.1%)

(1) CAPEX = Increase in tangible and intangible fixed assets, contract costs and rights of use

+119.3 million euros of underlying Free Cash Flow growth.

With the significant growth in EBITDA AL and the main peak in 5G deployment behind us, underlying Cash Flow generation increased to 148.5 million euros, from 29.2 million euros in 2022 (excluding the cash-in of the tower transaction from the previous year).

However, Cash Flow performance in 2023 was negatively impacted by two main effects: an increase in interest charges of 23.9 million euros due to the higher interest rate environment throughout the year; an increase in taxes paid of 29.1 million euros due primarily to capital gains recorded in the previous year from the tower sale transaction and payments on account in 2023 due to the higher results of the previous year. Conversely and, as explained above in the Net Results section, in 4Q23 NOS received 15.6 million euros from the favourable court ruling regarding the claim for settlement of activity fees.

Underlying Cash Flow in 2023 generation provides visibility on NOS' structural cash generation and potential for shareholder returns, whilst remaining a bedrock for continued investment in our strategic pillars of technological leadership, customer experience and competitive differentiation.

Table 6.

Cash Flow (Millions of Euros)	4Q22	4Q23	4Q23 / 4Q22	2022	2023	2023 / 2022
EBITDA AL	119.7	134.5	12.3%	547.7	603.2	10.1%
Total CAPEX Excluding Leasings & Other Contractual Rights	(131.7)	(94.8)	(28.0%)	(495.9)	(387.6)	(21.8%)
EBITDA AL - Total CAPEX Excluding Leasings & Other Contractual Rights	(12.0)	39.7	432.3%	51.8	215.6	316.2%
% of Revenues	-3.0%	9.6%	12.6pp	3.4%	13.5%	10.1pp
Non-Cash Items Included in EBITDA AL - CAPEX and Change in Working Capital	0.5	11.5	2275.5%	2.9	4.7	62.7%
Operating Cash Flow	(11.5)	51.2	(546.2%)	54.7	220.3	302.8%
Interest Paid	(1.8)	(13.7)	670.4%	(10.5)	(34.4)	227.5%
Income Taxes Paid	(10.1)	(16.2)	60.5%	(29.4)	(58.5)	99.0%
Disposals	43.9	0.8	(98.3%)	165.7	1.4	(99.1%)
Other Cash Movements ⁽¹⁾	(11.1)	14.6	(231.9%)	12.5	1.6	(87.2%)
Total Free Cash-Flow Before Dividends, Financial Investments and Own Shares Acquisition	9.5	36.7	285.6%	193.0	130.5	(32.4%)
Financial Investments	0.3	0.0	(92.3%)	(1.6)	(0.6)	(61.8%)
Acquisition of Own Shares	0.0	0.0	n.a.	(7.1)	(5.2)	(27.0%)
Dividends	0.0	0.6	n.a.	(142.3)	(219.4)	54.1%
Free Cash Flow	9.8	37.3	281.3%	42.0	(94.7)	(325.3%)
Debt Variation Through Financial Leasing, Accruals & Deferrals & Others	(2.5)	2.8	(212.0%)	(2.5)	(2.5)	(0.9%)
Change in Net Financial Debt	7.3	40.1	446.6%	39.5	(97.1)	(345.9%)

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

Reinforced Capital Structure.

At the end of 2023, Net Financial Debt / EBITDA AL stood at 1.81x, well below our strategic funding target level of 2x. Net Financial Debt amounted to 1,089 million euros with total Debt including leasing contracts (according to IFRS 16) at 1,786 million euros. Available unissued commercial paper facilities of 299 million euros and Cash and Equivalents of 18.2 million euros provide a comfortable total liquidity position of 317 million euros.

Due to the high interest rate environment, average interest cost increased to 3.48% in FY23 (1.35% in 2022), reaching a peak in 4Q23 of 4.2%, (1.8% in 4Q22). At 31 December 2023, 26% of NOS' debt was issued at fixed rate and an additional 34% was covered by interest rate collars. Total average maturity of debt at the end of the year was 2.7 years, and with the 300 million euros issued in December 2023/ January 2024, financing needs for 2024 are covered. Of total financial debt, almost 90% is linked to ESG performance targets, reiterating our commitment to achieve our global sustainability performance ambition.

Table 7.

Balance Sheet (Millions of Euros)	4Q22	4Q23	4Q23 / 4Q22
Non-current Assets	2,925.6	2,894.7	(1.1%)
Current Assets	537.7	574.2	6.8%
Total Assets	3,463.3	3,469.0	0.2%
Total Shareholders' Equity	1,052.3	994.7	(5.5%)
Non-current Liabilities	1,386.5	1,672.3	20.6%
Current Liabilities	1,024.5	802.0	(21.7%)
Total Liabilities	2,411.0	2,474.3	2.6%
Total Liabilities and Shareholders' Equity	3,463.3	3,469.0	0.2%

Table 8.

Net Financial Debt (Millions of Euros)	4Q22	4Q23	4Q23 / 4Q22
Short Term	353.0	157.7	(55.3%)
Medium and Long Term	654.5	949.8	45.1%
Total Debt	1,007.4	1,107.5	9.9%
Cash and Short Term Investments	15.2	18.2	19.3%
Net Financial Debt ⁽¹⁾	992.2	1,089.3	9.8%
Net Financial Debt / EBITDA after lease payments (last 4 quarters) ⁽²⁾	1.81x	1.81x	(0.0pp)
Leasings and Long Term Contracts	630.2	626.5	(0.6%)
Net Debt	1,622.4	1,715.8	5.8%
Net Debt / EBITDA	2.49x	2.39x	(0.04pp)
Net Financial Gearing ⁽³⁾	60.7%	63.3%	4.4%

(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).

Shareholder Remuneration

DPS of 0.350 euros consistent with visibility of operational momentum, cash flow generation and strength of balance sheet.

The Board of Directors has approved the proposal to the General Meeting of a 0.350 euros ordinary dividend per share, representing a 10.6% dividend yield and confirming NOS' strategic guidance of delivering a consistently attractive and sustainable level of shareholder remuneration.

The dividend proposed represents an increase of 25.9% yoy, reflecting a 99.6% pay out ratio of Net Results and 125.8% of Underlying FCF. The AGM will be held on 12 of April.

Appendix

Table 9.

Telco - operating indicators (‘000)	4Q22	1Q23	2Q23	3Q23	4Q23	2021	2022	2023
Homes Passed	5,284.0	5,323.9	5,364.0	5,369.4	5,427.3	5,098.3	5,284.0	5,427.3
Total RGUs	10,782.3	10,871.7	10,879.9	10,984.8	11,014.0	10,305.5	10,782.3	11,014.0
o.w. Consumer RGUs	9,122.0	9,200.0	9,203.6	9,297.3	9,313.4	8,725.7	9,122.0	9,313.4
o.w. Business RGUs	1,660.2	1,671.7	1,676.4	1,687.5	1,700.5	1,579.8	1,660.2	1,700.5
Mobile RGUs	5,733.8	5,811.7	5,814.1	5,895.6	5,916.8	5,349.9	5,733.8	5,916.8
Pre-Paid	2,112.2	2,123.4	2,074.0	2,086.2	2,031.3	2,058.8	2,112.2	2,031.3
Post-Paid	3,621.6	3,688.3	3,740.0	3,809.4	3,885.6	3,291.1	3,621.6	3,885.6
Pay TV Fixed Access ⁽¹⁾	1,434.3	1,441.8	1,447.3	1,455.3	1,459.8	1,392.8	1,434.3	1,459.8
Pay TV DTH	229.9	223.7	218.4	214.3	210.2	252.8	229.9	210.2
Fixed Voice	1,808.7	1,812.5	1,813.0	1,819.9	1,821.7	1,782.5	1,808.7	1,821.7
Broadband	1,523.5	1,529.9	1,534.5	1,546.6	1,551.9	1,485.8	1,523.5	1,551.9
Others and Data	51.9	52.1	52.7	53.0	53.6	41.6	51.9	53.6
3,4&5P Subscribers (Fixed Access)	1,344.8	1,356.8	1,364.6	1,374.1	1,380.1	1,287.2	1,344.8	1,380.1
% 3,4&5P (Fixed Access)	93.8%	94.1%	94.3%	94.4%	94.5%	92.4%	93.8%	94.5%
Convergent + Integrated RGUs	5,645.1	5,739.0	5,810.3	5,891.7	5,975.2	5,231.6	5,645.1	5,975.2
Convergent + Integrated Customers	1,089.0	1,104.3	1,114.0	1,126.2	1,137.2	1,020.8	1,089.0	1,137.2
Fixed Convergent + Integrated Customers as % of Fixed Access Customers	67.2%	67.9%	68.4%	69.0%	69.6%	64.4%	67.2%	69.6%
% Convergent + Integrated Customers	65.4%	66.3%	66.9%	67.5%	68.1%	62.0%	65.4%	68.1%
Residential ARPU / Unique Subscriber With Fixed Access (Euros) ⁽²⁾⁽³⁾	48.4	49.3	50.3	50.9	50.9	43.3	48.0	50.3
<i>Net Adds</i>								
Homes Passed	67.6	39.9	40.1	5.4	57.9	291.5	185.7	143.3
Total RGUs	117.1	89.4	8.2	104.8	29.2	387.7	476.8	231.7
o.w. Consumer RGUs	97.3	78.0	3.6	93.7	16.1	334.9	396.3	191.4
o.w. Business RGUs	19.8	11.5	4.7	11.1	13.0	52.8	80.4	40.3
Mobile	91.5	77.9	2.3	81.5	21.2	342.1	384.0	183.0
Pre-Paid	9.6	11.2	(49.4)	12.1	(54.9)	67.1	53.4	(80.9)
Post-Paid	81.9	66.7	51.7	69.4	76.1	275.0	330.5	263.9
Pay TV Fixed Access	10.3	7.5	5.4	8.1	4.5	31.4	41.5	25.4
Pay TV DTH	(5.3)	(6.2)	(5.3)	(4.0)	(4.1)	(26.8)	(22.9)	(19.8)
Fixed Voice	9.4	3.8	0.6	6.9	1.8	8.3	26.1	13.0
Broadband	10.1	6.3	4.6	12.1	5.3	28.2	37.7	28.3
Others and Data	1.2	0.2	0.6	0.3	0.6	4.4	10.4	1.7
3,4&5P Subscribers (Fixed Access)	14.5	12.0	7.8	9.5	6.0	58.0	57.5	35.3
Convergent + Integrated RGUs	106.4	94.0	71.2	81.4	83.6	275.5	413.5	330.2
Convergent + Integrated Customers	17.9	15.2	9.7	12.2	11.0	44.0	68.3	48.1

(1) Fixed Access Subscribers include customers served by the HFC, FTTH and ULL networks and indirect access

(2) Fixed residential ARPU reestimated from 1Q19 to include Revenues of SIM cards integrated in residential bills

(3) Current quarter figures are estimates subject to possible review after final allocations determined

Note: In 1Q21, 4Q20 Post-Paid mobile subscribers have been restated to adjust for the subsidized mobile broadband plans, E-Escolas, which are now not included in numbers reported.

Table 10.

Cinemas - operating indicators (‘000)	4Q22	1Q23	2Q23	3Q23	4Q23	2021	2022	2023
Revenue per Ticket (Euros)	5.9	6.1	5.7	5.9	5.8	5.0	5.7	5.9
Tickets Sold - NOS	1,890.8	1,501.7	2,033.7	2,810.4	1,710.4	3,450.7	6,261.0	8,056.3
Tickets Sold - Total Portuguese Market ⁽¹⁾	2,856.7	2,332.8	3,087.2	4,183.0	2,687.4	5,480.4	9,613.9	12,290.4
Screens (units)	214.0	214.0	214.0	214.0	214.0	208.0	214.0	214.0

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

Table 11.

Profit and Loss Statement (Millions of Euros)	4Q22	1Q23	2Q23	3Q23	4Q23	2021	2022	2023
Operating Revenues	397.5	381.4	393.8	407.9	414.3	1,430.3	1,521.0	1,597.5
Telco	380.2	369.2	377.5	384.9	401.2	1,401.5	1,469.2	1,532.7
Consumer Revenues ⁽¹⁾	269.1	265.3	271.2	278.0	283.0	1,002.0	1,033.4	1,097.5
Business Revenues ⁽¹⁾	82.7	79.3	81.5	82.1	92.5	316.5	336.5	335.3
Wholesale and Others ⁽¹⁾	28.4	24.6	24.9	24.8	25.7	82.9	99.3	99.9
Audiovisuals & Cinema	27.1	20.4	24.6	32.2	22.2	67.0	89.6	99.4
Others and Eliminations	(9.8)	(8.2)	(8.3)	(9.2)	(9.1)	(38.2)	(37.8)	(34.7)
Operating Costs Excluding D&A	(246.6)	(207.9)	(214.7)	(207.5)	(250.7)	(812.3)	(869.9)	(880.8)
Telco	(242.4)	(205.5)	(209.9)	(199.9)	(247.1)	(827.1)	(863.2)	(862.4)
Audiovisuals & Cinema	(14.0)	(10.5)	(13.2)	(16.7)	(12.7)	(23.4)	(44.6)	(53.2)
Others and Eliminations	9.8	8.2	8.3	9.2	9.1	38.2	37.8	34.7
EBITDA ⁽²⁾	150.9	173.5	179.1	200.4	163.6	618.0	651.1	716.7
EBITDA Margin	38.0%	45.5%	45.5%	49.1%	39.5%	43.2%	42.8%	44.9%
Telco	137.8	163.7	167.6	185.0	154.1	574.4	606.0	670.4
EBITDA Margin	36.2%	44.3%	44.4%	48.1%	38.4%	41.0%	41.2%	43.7%
Cinema Exhibition and Audiovisuals	13.1	9.9	11.5	15.4	9.5	43.6	45.1	46.3
EBITDA Margin	48.5%	48.4%	46.5%	47.9%	42.9%	65.0%	50.3%	46.5%
Depreciation and Amortization	(135.3)	(120.4)	(116.6)	(122.8)	(123.8)	(419.5)	(480.9)	(483.6)
(Other Expenses) / Income	23.7	(0.5)	(0.7)	0.1	32.3	(9.8)	100.0	31.2
Operating Profit (EBIT) ⁽³⁾	39.3	52.6	61.7	77.7	72.1	188.7	270.2	264.2
Share of profits (losses) of associates and joint ventures	5.1	2.5	0.7	1.4	0.4	3.6	22.1	5.1
(Financial Expenses) / Income	(9.5)	(13.0)	(16.5)	(19.0)	(20.7)	(36.6)	(35.2)	(69.2)
Leases Financial Expenses	(7.3)	(7.4)	(7.6)	(8.0)	(8.0)	(25.6)	(25.9)	(31.0)
Funding & Other Financial Expenses	(2.2)	(5.5)	(8.9)	(11.0)	(12.8)	(11.0)	(9.3)	(38.2)
Income Before Income Taxes	35.0	42.2	45.9	60.2	51.8	155.6	257.1	200.1
Income Taxes	(1.7)	(7.1)	(0.4)	(14.4)	3.1	(11.8)	(32.7)	(18.8)
Net Income Before Associates & Non-Controlling Interests	28.1	32.5	44.8	44.4	54.5	140.3	202.3	176.3
Net Income	33.3	35.0	45.5	45.8	54.9	143.9	224.4	181.3
Net income attributable to Non-controlling interests	0.0	(0.1)	0.0	0.0	(0.2)	0.3	0.1	(0.3)
Net Income attributable to NOS shareholders	33.3	34.9	45.5	45.9	54.7	144.2	224.6	181.0

(1) Current quarter figures are estimates subject to possible review after final allocations determined

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

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

Leasings	(31.2)	(27.4)	(28.2)	(28.7)	(29.1)	(99.0)	(103.3)	(113.5)
Telco	(29.2)	(24.7)	(25.9)	(26.1)	(26.6)	(87.3)	(93.3)	(103.4)
Cinema Exhibition and Audiovisuals	(2.0)	(2.6)	(2.3)	(2.6)	(2.5)	(11.7)	(10.1)	(10.0)
Operating costs Excluding D&A AL	(277.8)	(235.2)	(242.9)	(236.2)	(279.8)	(911.4)	(973.3)	(994.3)
Telco	(271.6)	(230.2)	(235.8)	(226.1)	(273.7)	(914.4)	(956.5)	(965.8)
Audiovisuals & Cinema ⁽¹⁾	(16.0)	(13.2)	(15.4)	(19.3)	(15.2)	(35.1)	(54.6)	(63.2)
Others and Eliminations	9.8	8.2	8.3	9.2	9.1	38.2	37.8	34.7
EBITDA AL	119.7	146.2	150.9	171.7	134.5	518.9	547.7	603.2
EBITDA AL margin	30.1%	38.3%	38.3%	42.1%	32.5%	36.3%	36.0%	37.8%
Telco	108.6	138.9	141.7	158.9	127.5	487.1	512.7	566.9
EBITDA AL margin	28.6%	37.6%	37.5%	41.3%	31.8%	34.8%	34.9%	37.0%
Cinema Exhibition and Audiovisuals	11.1	7.2	9.2	12.8	7.0	31.9	35.0	36.3
EBITDA AL margin	41.0%	35.5%	37.3%	39.8%	31.6%	47.6%	39.0%	36.5%

Table 12.

CAPEX ⁽¹⁾ (Millions of Euros)	4Q22	1Q23	2Q23	3Q23	4Q23	2021	2022	2023
Total CAPEX Excluding Leasing Contracts & Other Contractual Rights	131.7	97.0	98.1	97.7	94.8	422.3	495.9	387.6
Telco	125.7	92.6	93.6	92.5	89.1	405.6	473.0	367.8
% of Telco Revenues	33.1%	25.1%	24.8%	24.0%	22.2%	28.9%	32.2%	24.0%
o.w. Technical CAPEX	87.1	53.4	59.3	58.9	53.7	255.5	325.1	225.3
% of Telco Revenues	22.9%	14.5%	15.7%	15.3%	13.4%	18.2%	22.1%	14.7%
Baseline Telco	42.6	31.6	37.7	37.2	41.1	142.6	161.3	147.6
Network Expansion / Substitution and Integration Projects and Others	44.5	21.8	21.6	21.7	12.6	112.9	163.9	77.7
o.w. Customer Related CAPEX	38.6	39.2	34.3	33.6	35.4	150.1	147.9	142.5
% of Telco Revenues	10.2%	10.6%	9.1%	8.7%	8.8%	10.7%	10.1%	9.3%
Audiovisuals and Cinema Exhibition	6.0	4.4	4.5	5.2	5.7	16.7	22.9	19.8
Leasing Contracts & Other Contractual Rights	80.5	29.1	26.6	10.4	21.2	36.2	129.9	87.2
Spectrum licenses	0.0	0.0	0.0	0.0	0.0	151.3	0.0	0.0
Total Group CAPEX	212.2	126.1	124.7	108.0	116.0	609.8	625.8	474.8

(1) CAPEX = Increase in Tangible and Intangible Fixed Assets, Contract Costs and Rights of Use

Table 13.

Cash Flow (Millions of Euros)	4Q22	1Q23	2Q23	3Q23	4Q23	2021	2022	2023
EBITDA AL	119.7	146.2	150.9	171.7	134.5	518.9	547.7	603.2
Total CAPEX Excluding Leasings & Other Contractual Rights	(131.7)	(97.0)	(98.1)	(97.7)	(94.8)	(422.3)	(495.9)	(387.6)
EBITDA AL - Total CAPEX Excluding Leasings & Other Contractual Rights	(12.0)	49.1	52.7	74.0	39.7	96.6	51.8	215.6
% of Revenues	-3.0%	12.9%	13.4%	18.1%	9.6%	6.8%	3.4%	13.5%
Non-Cash Items Included in EBITDA AL - CAPEX and Change in Working Capital	0.5	(5.2)	2.2	(3.8)	11.5	(5.9)	2.9	4.7
Operating Cash Flow	(11.5)	43.9	55.0	70.2	51.2	90.7	54.7	220.3
Interest Paid	(1.8)	(4.7)	(7.4)	(8.6)	(13.7)	(10.9)	(10.5)	(34.4)
Income Taxes Paid	(10.1)	0.0	(10.5)	(31.9)	(16.2)	(0.7)	(29.4)	(58.5)
Disposals	43.9	0.3	0.2	0.2	0.8	1.8	165.7	1.4
Other Cash Movements ⁽¹⁾	(11.1)	(11.2)	(1.1)	(0.8)	14.6	(9.4)	12.5	1.6
Spectrum licenses	0.0	0.0	0.0	0.0	0.0	(151.3)	0.0	0.0
Total Free Cash-Flow Before Dividends, Financial Investments and Own Shares Acquisition	9.5	28.4	36.2	29.2	36.7	(79.8)	193.0	130.5
Financial Investments	0.3	0.1	(0.1)	(0.6)	0.0	(0.4)	(1.6)	(0.6)
Acquisition of Own Shares	0.0	(4.4)	(0.7)	0.0	0.0	(2.1)	(7.1)	(5.2)
Dividends	0.0	0.0	(220.0)	0.0	0.6	(142.4)	(142.3)	(219.4)
Free Cash Flow	9.8	24.0	(184.6)	28.6	37.3	(224.6)	42.0	(94.7)
Debt Variation Through Financial Leasing, Accruals & Deferrals & Others	(2.5)	(1.0)	(1.5)	(2.7)	2.8	(5.0)	(2.5)	(2.5)
Change in Net Financial Debt	7.3	23.0	(186.1)	25.9	40.1	(229.7)	39.5	(97.1)

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

Table 14.

Net Financial Debt (Millions of Euros)	4Q22	1Q23	2Q23	3Q23	4Q23	2021	2022	2023
Short Term	353.0	342.9	166.9	110.0	157.7	235.7	353.0	157.7
Medium and Long Term	654.5	649.4	999.3	1,031.4	949.8	806.9	654.5	949.8
Total Debt	1,007.4	992.3	1,166.2	1,141.4	1,107.5	1,042.6	1,007.4	1,107.5
Cash and Short Term Investments	15.2	23.1	10.9	11.9	18.2	10.9	15.2	18.2
Net Financial Debt ⁽¹⁾	992.2	969.2	1,155.3	1,129.4	1,089.3	1,031.7	992.2	1,089.3
Net Financial Debt / EBITDA after lease payments (last 4 quarters) ⁽²⁾	1.81x	1.74x	2.03x	1.92x	1.81x	1.99x	1.81x	1.81x
Leasings and Long Term Contracts	630.2	638.9	644.2	633.8	626.5	534.0	630.2	626.5
Net Debt	1,622.4	1,608.1	1,799.5	1,763.3	1,715.8	1,565.7	1,622.4	1,715.8
Net Debt / EBITDA	2.49x	2.42x	2.64x	2.50x	2.39x	2.53x	2.49x	2.39x
Net Financial Gearing ⁽³⁾	60.7%	59.8%	66.7%	65.1%	63.3%	61.9%	60.7%	63.3%

(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).

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