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Integrated Report 2023

Proposal for the appropriation of results

An aerial photograph of a multi-lane bridge crossing a wide river with muddy, yellowish water. A red car is driving on the bridge. The surrounding area is lush with green trees and vegetation. A large red graphic element is overlaid on the top left and bottom right corners of the image.

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6. PROPOSAL FOR THE APPROPRIATION OF RESULTS

Under the terms of article 23 of the Articles of Association of CTT - Correios de Portugal, S.A. (“CTT” or “Company”), the annual net profit, duly approved, will be appropriated as follows:

- a. a minimum of 5% will be transferred to the legal reserve, until the required amount is reached;
- b. a percentage will be distributed to the shareholders as dividends and as decided by the General Meeting;
- c. the remaining amount will be appropriated as deliberated by the General Meeting in the interest of the Company.

Under the terms of article 295(1) of the Portuguese Companies Code (“PCC”), a minimum of 5% is intended for the constitution of the legal reserve and, if necessary, its reintegration until this reserve reaches 20% of the share capital. As the share capital is €71,957,500.00, 20% is calculated at €14,391,500.00.

Considering that the legal reserve on 31 December 2023 was €15,000,000.00, the amount of the legal reserve is above the global minimum required by the Articles of Association and the PCC.

Pursuant to article 294(1) of the PCC, save for a bylaw provision or a resolution passed with a majority of 3/4 of the votes corresponding to the share capital in a General Meeting called for that purpose, half of the financial year’s distributable profits must be distributed to shareholders, as set out by law. CTT’s Articles of Association contain no provision contrary to the referenced legal provision.

Distributable profits are the financial year’s net profit after the constitution or increase of the legal reserve and after negative retained earnings have been covered, if applicable. As at 31 December 2023, the legal reserve is fully constituted and retained earnings are positive. For the financial year ended 31 December 2023, net profit for the year in the individual accounts amounted to €70,805,388.90.

Given the accounting rules in force, an amount of €3,862,898.00 is already reflected in the stated net profit regarding profit sharing with CTT employees and executive Board members.

Accordingly, and in compliance with the provisions applicable under the law and the Articles of Association, the Board of Directors proposes that:

- a. The net profit for the 2023 financial year, totalling €70,805,388.90, as per the individual financial statements, is allocated as follows:

Dividends*	€24,465,550.00
	(€0.17 per share)
Retained Earnings	€46,339,838.90

- b. A maximum amount of €3,862,898.00 (already considered in the individual financial statements) is allocated to CTT employees and executive Board members as profit sharing.

- * Including own shares held by the company (as at 31 December 2023 there were 4,409,300 own shares); the amount of dividends corresponding to own shares held by the company on the payment date, in the amount of €0.17 per share, will be allocated to Retained Earnings.

Lisbon, 19 March 2024

The Board of Directors