ANNUAL INTEGRATED REPORT

2021

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This report is a translation of the Portuguese original version of the Annual Integrated Report 2021 of NOS, SGPS, S.A., disclosed on 29 March 2022 on CMVM's website and on NOS' institutional website, in ESEF format. The document is presented with a more developed graphic design and user-friendly structure. In case of discrepancies between this version and the official ESEF version, the latter prevails.

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INTEGRATED MANAGEMENT REPORT

01

INTEGRATED MANAGEMENT REPORT

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Dear stakeholders,

After another year of enormous challenges posed by the pandemic, on both an organizational and individual level, I am very proud to share the extraordinary achievements that our team at NOS has delivered, once again. We successfully upheld business continuity, keeping Portuguese families, companies and institutions connected and delivering the very highest standards of customer experience. Our results in 2021 reiterate the critical importance of our sector to ensuring economic and social stability under situations of extreme adversity.

The year was inevitably marked by the seemingly never ending 5G auction from which we came out on top by acquiring the most available 5G spectrum of all participants and guaranteeing additional 4G spectrum to reinforce capacity. Our goals for the auction were met in full, materializing our strategic ambition to lead in 5G and in customer experience. We subsequently became the first operator to launch commercial 5G services in November providing our customers the opportunity to trial this game-changing new technology, all around the country.Our aspiration is to have the very best network, accessible to all, and deliver more value to our customers and to Portugal, leading the way for more innovation and a more digital, sustainable and inclusive society.

Despite the adversities and uncertainty posed by varying degrees of confinement throughout the year, we delivered significant operational growth and extremely robust financial results, generating value for all our stakeholders. The level of RGU growth was the highest of the past 5 years, with strong additional mobile subscriptions. Our success results primarily from our relentless focus on customer experience and on providing the very best integrated value proposition, combining superior network capabilities, in fixed and mobile, with the very best multi-device user interface and content line-up. Convergent services continue to merit the preference of our customers, with more than 64% of fixed access customers choosing to take all their services in convergent bundles. Consolidated Revenues grew by 4.6% to more than 1.4 billion euros and EBITDA increased by 2.5% to 618 million euros, demonstrating the resilience of our core telco division and significant recovery of our cinema activity due to the progressive easing of pandemic related restrictions.

We continue to invest in our next generation networks, reinforcing nationwide Gigabit fixed access capabilities whilst working on delivering more capacity, speed, and coverage to our mobile network. Our strategic network sharing agreements, in both fixed and mobile, are translating into significant enhancement in coverage and capacity, whilst ensuring material efficiencies through avoidance of network investment and running costs, also contribution to environmental protection due to the reduction in number of sites to be deployed and sharing of current infrastructure. Our efforts to extend and modernize our network were publicly recognized in an independent survey by Ookla®, in 2021, distinguishing NOS as the fastest mobile network in Portugal. We dedicated significant resources to preparing our network and customers for 5G launch, advancing technical investments wherever possible and developing pilots to trial use cases for businesses, institutions, and individuals, paving the way for a truly digital society.

Driven by our ambition to build a more sustainable future, to be a leading reference in environmental, social and governance practices is a core objective of our corporate strategy. Strong governance and responsible management systems are central to our culture and represent the foundations upon which we build our strategic ambitions and effective action plans. As regards our sustainability strategy, during 2021 we made significant progress towards delivering on the United Nation's Sustainable Development Goals and adoption of the principles of the Global Compact, having committed to a number of even more ambitious short and medium term goals.

In terms of climate change ambition, we became the only Portuguese founding member of the "European Green Digital Coalition", a movement that brings together leading IT and telecom companies with a common mission to reach carbon neutrality by 2040. We further reiterated the commitment to reduce our carbon footprint with our first-time submission and validation of Science Based Targets in 2021, targeting a 90% reduction in own emissions (scope 1&2) and a 30% reduction in value chain emissions (scope 3) by 2030, compared with a 2019 baseline.

To achieve our goals, we are already taking concrete and measurable action: we have approved the sourcing of 100% of all electricity consumed in our own operation from renewable energy sources by 2022 and identified and already started to implement measures to structurally

reduce energy consumption such as a roadmap for full fleet electrification by 2030 and several initiatives targeting network and data centre emissions. Since the start of 2021, we are also voluntarily compensating unavoidable own fleet carbon emissions through a reforestation project in a fire devastated region in the centre of Portugal. At a product and service level we continue to innovate with the launch of more planet friendly offerings, such as self-installation TV and Internet services, a new range of NOS guaranteed refurbished devices, a handset voucher exchange programme and introduction of only recycled plastic in new SIM cards, packaging, and equipment casings, contributing to improve our levels of business circularity.

We are firm believers in the power of technology to enable sustainable economic transformation and widely accessible and inclusive participation in society. As a key agent of change towards more sustainable practices, we aspire to transform lives through digital capacitation, ensuring broadband access for all, and promoting digital literacy and competency programmemes that will help consumers and companies take full advantage of this transformational potential.

In 2021 we laid the foundations for a wide-reaching social responsibility programmeme to develop digital skills, particularly amongst more vulnerable segments of the population. We are also taking action to enhance team wellbeing and diversity, having implemented numerous employee targeted initiatives, diversity-balanced recruitment and mentoring programmemes, and proactive engagement with external feeder institutions, such as schools and universities, to encourage a higher proportion of women to embrace careers in STEM related areas. Our advancement in diversity related action was publicly validated with our first--time inclusion in the Bloomberg Gender-Equality Index (GEI) 2022, the reputed independent market index that tracks the performance of public companies committed to transparency in gender-data reporting.

A few words about this report. For the first time we are presenting an integrated management and sustainability report, combining a review of how we organize and govern our business, an analysis of what we consider to be our strategic and differentiating assets and of how we create long term value for our shareholders, customers, employees, partners and for society in general. Our goal is to provide an integrated review of our organization and a solid basis for all stakeholders to assess our performance providing further evidence of our commitment to engage openly with all our stakeholders.

In conclusion, I would like to extend my sincere thanks to all on the NOS team and to my colleagues on the Executive Committee for embracing, without reserve, our vision for NOS and for giving their unconditional support towards achieving our strategic goals. I thank our customers, suppliers, partners, and shareholders for their continued trust and I would like to express my appreciation for the sound guidance and unanimous support of our Board of Directors and Governing Bodies throughout the year.

Miguel Almeida

A MORE INTEGRATED VIEW OF VALUE CREATION

This Integrated Annual Report (or Report) aims to demonstrate our commitment to communicating a comprehensive and integrated view of our business, our strategy, our performance and contribution to all stakeholders, the environment and society. In this sense, and in line with the best reporting practices, we sought for the first time to incorporate into the structure of our annual institutional reporting the spirit and the main differentiating elements of the International Integrated Reporting Council framework (IIRC). It includes information on the strategy, management, and performance of NOS' business areas, as well as environmental, social, and corporate governance (ESG) information, previously disclosed in a separate report dedicated to the Non-Financial Statements. The structure of this Integrated Report provides an overview of our approach to value creation in its various dimensions, on the main resources involved, and on the main impacts generated.

Thus, the document aims to monitor the growing centrality that ESG dimensions have been assuming in NOS' strategy, integrating non-financial elements throughout the Integrated Management Report.

This year we also present, for the first time, a correlation table for publicly available content related to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) which can be consulted in the Appendix. "Energy and climate" are one of our material sustainability topics. The disclosure of this information reflects the seriousness and growing maturity with which we undertake this topic.

The Integrated Report was prepared in accordance with the legal requirements set out in the Commercial Companies Code, in accordance with the internationally recognized standards of the Global Reporting Initiative (GRI Standards), for the "in accordance-core" level, and in order to respond to the requirements of Decree-Law No. 89/2017, of July 28 (DL 89/2017). It also serves the purpose of highlighting our performance in terms of the principles of the Global Compact and the Sustainable Development Goals (SDGs), both of the United Nations.

For a more concise Report, some of the sustainability information is presented in the Appendix, in the GRI content index and in the methodological notes. The GRI index also shows the correlation of information with DL 89/2017, the Global Compact, and the SDGs.

The document covers the period between the 1st of January and the 31st of December 2021 but, whenever appropriate and relevant, includes information relating to previous years to allow for a comparative assessment of performance or an adequate contextualization of our options, actions, or results, and to that extent it may also occasionally include information regarding the initial phase of 2022.

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

Contact for any questions or feedback regarding the Report

We are happy to hear your opinion, suggestions for improvement, or to answer any questions that arise from reading this report or need for additional information. For this purpose, please contact:

Direção de Relação com Investidores e Sustentabilidade

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1. OUR YEAR AT A GLANCE

1. OUR YEAR AT A GLANCE

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1.1 NOS IN NUMBERS

Financial

1,430 M€ Consolidated Revenues
618 M€ Consolidated EBITDA
90.7 M€ Operational Cash Flow
144.2 M€ Net Income
963 M€ Shareholders Equity
1.99 x Net Financial debt/EBITDA
1,031.7 M€ Net Financial Debt
0.278 € Dividend Proposal
BBB Stable – Fitch
BBB – Stable – S&P

Human Capital

1,829 # Employees
1,081 Men
748 Women
42 Employee Average Age
31% % Women in Management Positions (1)
29% % Women in Top Management Positions (2)

26.7% Porto
4.9% Others
68.4% Lisbon

(1) Management Positions: Managers and Directors
(2) Top Management Positions: Members of the Board of Directors

Operational

5,350 thousands Mobile Voice Subscribers
1,647 thousands Pay TV Subscribers
1,783 thousands Fixed Voice Subscribers
1,486 thousands Broadband Subscribers
5,123 thousands Homes passed with Fixed Next Generation Network
1,021 thousands Integrated/Convergent Subscribers
10,306 thousands Total RGUs
31.5 % thousands 9M21 Revenue Market Share
53.1 % Homes Passed with FttH
99 % % Territory with Outdoor 4G Mobile Network Coverage

Environment

601,721 GJ Total Energy Consumed
0.13 GJ/TB Energy Consumption by Data Traffic
97 % Waste Recovery Rate
488,028 tCO_2e GHG Emissions
3,514 tCO_2 Scope 1
35,630 tCO_2 Scope 2
448,884 CO_2 Scope 3

1.2 RECOGNITIONS

VALIDATION OF THE VALUE OF OUR EFFORTS AND INVESTMENTS

In 2021 we saw our efforts once again recognized, both at the level of the private consumer and at the level of customers and business partners, in terms of innovation and in terms of ESG performance. These recognitions validate the path we have been setting and the efforts of the entire NOS team. They motivate us to continue and are an expression of the value we seek to bring to everything we do.

MARKET RECOGNITIONS

- APCC Best Contact Centers 2021
- Marca de Confiança 2021 – Votado pelos leitores – Seleções do Reader's Digest
- Marca Nº1 Escolha do Consumidor '22 – Salas de Cinema
- Eleito Produto do Ano 2021 – Inovação Premiada por Consumidores

PARTNER RECOGNITIONS

- AWS Partner Network – AWS Rising Star Partner of the Year Iberia – NOS – 2021
- Cisco Gold Partner
- Zero Outage – T-Systems – Approved

ESG PERFORMANCE RECOGNITIONS

- CDP – Driving Sustainable Economies
- MSCI
- S&P Global
- Moody's ESG Solutions
- Sustainalytics – a Morningstar company
- Bloomberg Gender-Equality Index 2022

MARKET
RECOGNITIONS

APCC
PORTUGUESE ASSOCIATION OF CONTACT CENTRES

NOS was once again recognized in terms of customer service and in the "Telecommunications" category, in the 2021 edition of the APCC Best Awards Trophies:

1st Prize Gold Line 16100
(Corporate service) Randstad | NOS

2nd Prize Silver Line 16990
(Consumer service) Randstad, Manpower and Rhmais | NOS

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

TRUSTED BRAND

NOS was once again highlighted in this distinction in the category of "Telecommunications and Multimedia Operators." This distinction is based on a study conducted annually by this entity, which assesses the trust that Portuguese people place in brands operating in Portugal, covering a wide range of sectors.

CONSUMER'S CHOICE

The Consumer Choice 2021 award, managed by Consumer Choice – Consumer Satisfaction Assessment Centre, recognized NOS cinemas for the 7th consecutive year, based on consumer evaluation, through the level of satisfaction or recommendation attributed by customers.

PRODUCT OF THE YEAR 2021

Three more NOS products were recognized this year as 'Product of the Year 2021' in the field of internet/digital experience, for their innovation index combined with the quality perceived by consumers: the NOS Power Wi-Fi and the NOS Giga Router, and on the other hand the WOO App. The Product of the Year is a distinction promoted in more than 40 countries around the world, and rewards products that stand out for innovation and with direct consumer votes.

PARTNER
RECOGNITIONS

AWS RISING STAR PARTNER OF THE YEAR IBÉRIA

Amazon Web Services once again distinguished NOS awarding it again the "Rising Star Partner of the Year Iberia" award, a distinction awarded to partners that stand out for "exceptional performance and commitment to Amazon Web Services (AWS)".

CISCO GOLD PARTNER

This maximum level of partnership strengthens NOS' ability to deliver quality solutions together, as well as high recognition and satisfaction from our customers.

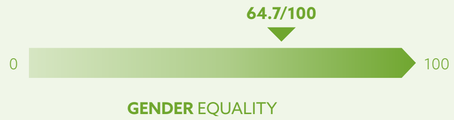
ZERO OUTAGE – DEUTSCHE TELEKOM

Deutsche Telekom re-certified NOS, in its Zero Outage Supplier programme (Zero critical failures), programme which selects and recognizes international technology partners with the best quality practices, in a group comprising 63 technology companies worldwide.

ESG PERFORMANCE
RECOGNITIONS

BLOOMBERG GENDER EQUALITY INDEX

NOS participates for the first time in the Bloomberg Gender-Equality Index (GEI) 2022, an index weighted by market capitalization, which aims to monitor the performance of listed companies committed to transparency in providing information on gender equality practices and policies.



CDP

In 2021, we maintained the A- rating, which places NOS in the Leadership performance range in the fight against climate change, at an international level.

MSCI

In 2021, Morgan Stanley Capital International (MSCI ESG ratings) assigned NOS a rating of AA, with a score of 6.1, above the industry average (5.4). This assessment aims to measure companies' resilience to long-term ESG risks. Companies are rated on a scale relative to the industry/sector in which they are positioned, ranging from AAA-CCC.

S&P GLOBAL

NOS achieved a rating of 53/100 in the 2021 S&P Global Corporate Sustainability Assessment, with a score of 75/100 in the environmental dimension, 45/100 in the social dimension and 49/100 in the governance & economic dimension, ranking above the industry average in all dimensions and globally. The CSA conducts an annual assessment of the practices of more than 10,000 companies worldwide, focusing on specific sustainability criteria with financial materiality for each sector.

SUSTAINALYTICS

In September 2021, NOS obtained an ESG Risk Rating of 19.4, assessed by Sustainalytics as having a “Low” risk of suffering significant financial impacts from environmental, social, and corporate governance factors.

MOODY’S ESG SOLUTIONS

In 2021, NOS slightly improved its rating within the scope of the assessment by Moody's ESG Solutions, obtaining a rating of 63/100 vs 60/100 in 2020, and maintaining the "Advanced" level, in an edition that assessed 35 companies with regard to the telecommunications sector in Europe.

2. OUR VALUE CREATION MODEL

WE INSPIRE THE FUTURE AND AIM FOR A TOMORROW FULL OF POSSIBILITIES FOR EVERYONE

NOS' business model is consistent with its strategic vision and assets.

We use the transforming power of new communication and information technologies, with the ambition to contribute to social change and to the productivity of companies and institutions, guaranteeing connectivity and entertainment products and services that aim to add economic-financial, technological, social, and environmental value to all our customers and stakeholders.

The model is based on four basic pillars that reflect who we are, our assets, the strategy we define and finally the value we generate.

Who We Are – it is the mirror of our essence and what drives us, our activities, and the management model we follow.

Our Best Assets – reflects the unique resources we have that are the tools of our success.

Our Strategy – defines our priorities and guides our current and future path.

The Value We Generate – demonstrates the impact and value we bring to our stakeholders across the board.

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

PILLAR 1

WHO WE ARE

It is the mirror of our essence and what drives us, our activities, and the management model we follow.

We develop an essential, and promoter of development, service. The relevance of the connectivity and entertainment services in which we operate, evidenced by the current pandemic, is driven by our essence, and materialized by our companies and activity, within the framework of a structure and organizational model in constant evolution, to deliver more and more value.

OUR ESSENCE

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

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

ACTIVITY AND PORTFOLIO

Largest communications and entertainment group in Portugal.

- Telco
- Media & Entertainment

GOVERNANCE MODEL

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

- Shareholder Structure
- Composition of the Board of Directors

PILLAR 2

OUR BEST ASSETS

Reflects the unique resources we have that are the tools of our success.

We have a wide spectrum of differentiating resources that are the key enabler of our ability to stimulate a positive transformation inspired by the future, connecting, and delivering value to our customers and stakeholders.

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

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

PILLAR 3

OUR STRATEGY

Defines our priorities and guides our current and future path.

Our strategy is guided by our purpose and states our strong commitment to the digital future at the service of the customers and society. A commitment based on the delivery of 5G, on a digital, relevant, and engaging customer journey, and on our capacity as an agile, innovative organization capable of responding in an increasingly differentiated way to the most pressing environmental and social challenges, such as combating climate change.

Our strategic priorities give structure to our activities and allow us to evolve in a shared value logic.

- Leading unequivocally in 5G
- Excellence in the use of P&S
- Deepen customer relationships
- Leading in the digital-centric customer experience
- Adapt the operating model
- Train the organization for the future

PILLAR 4

THE VALUE WE GENERATE

Demonstrates the impact and value we bring to our stakeholders across the board.

Our integrated business model, activated by our strategy and resources, provides us with several competitive advantages and allows us to provide economic, technological, environmental, and social value to the customers, shareholders, employees, network of partners and extendable to the planet and the society, contributing to the United Nations Sustainable Development Goals.

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

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

3. WHO WE ARE

3. WHO WE ARE

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3.1. OUR ESSENCE

3.1.1 PURPOSE, MISSION, VISION

Our mission, vision and purpose translate our essence and guide our performance, customer-centric, but focused on driving society as a whole in a sharing of value based on connectivity and the transforming impulse of new technologies and of our DNA.

WHY WE EXIST

PURPOSE

We exist to bring more life to life, expanding all possible and imaginary connections. We work every day to build an increasingly competent, efficient, and innovative NOS, prepared to lead in the new technological wave that is approaching.

WHAT WE DO

MISSION

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

A mission that builds trust

82% of employees expressed trust in the company's mission

NOS' Culture Study 20/21

WHERE WE WANT TO GO

VISION

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

3.1.2. NOS' VALUES

Our values are also an expression of our essence, as they reflect the way we want to conduct our activities, in a bold, inspiring, and responsible way towards our stakeholders, the planet and society.

The Customer is Our Commitment

We improve the customer experience every day, putting the customer at the centre of our thinking, decision, and action;

We build a transparent and integral relationship, simplifying customer interaction.

We have the will For More

We have the will to lead, always do better and go further;

We operate with the determination and enthusiasm necessary to achieve success;

We are action-focused and act quickly.

We do what Nobody did

We anticipate the future and change. We challenge the status quo, valuing different opinions.

We have the courage and enthusiasm to try fresh solutions, without fear of failure and learning from mistakes.

We assume Responsibility

We do what must be done with integrity;

We act based on trust and encourage sharing, creating a collaborative work environment;

We have autonomy and we know how to assume individual and collective responsibility for the options and decisions.

We value our People

We invest in the development of our potential and learning;

We take advantage of the opportunities we create and acknowledge achievements and merit;.

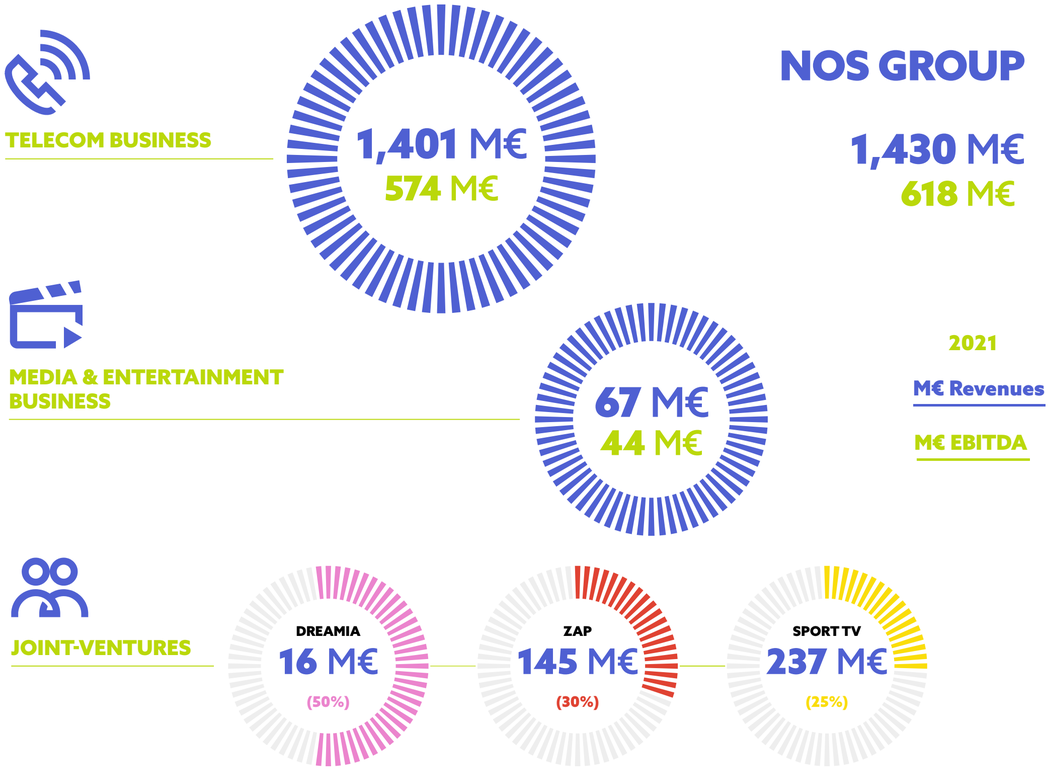
We build a better Future

We create with impact, generating value for us, for all those to whom we are connected and for the community;

We contribute, through our actions, to the resolution of environmental and social challenges.

3.2 ACTIVITY AND PORTFOLIO

3.2.1 OUR BUSINESS AREAS



*During 2021, Sport TV changed its annual reporting period from 31 December to 30 June. Hence, in the amount presented above, revenues correspond to the approved amounts between July and December 2021

TELECOM BUSINESS

NOS Comunicações offers state-of-the-art fixed and mobile solutions for television, internet, voice, and data for all market segments – Residential, Private, Corporate and Wholesale.

It is an operator with convergent product offerings, whose main objective is to provide the best user experience throughout the country.

In the corporate market, it offers a broad portfolio of telecommunications products and services, with solutions tailored to each sector and business of varied sizes, complementing its offer with ICT, IoT and Cloud services.

MEDIA & ENTERTAINMENT BUSINESS

NOS Cinemas, with 208 screens and a market share of over 60%, it is the leader in national film exhibitions, as well as in the exhibition of alternative content in cinema venues (opera, ballet, theatre, football, concerts, and other events, live or delayed), being the first chain in Europe to become fully digital and one of the first worldwide, using technologies such as IMAX, 4DX, XVision and ATMOS.

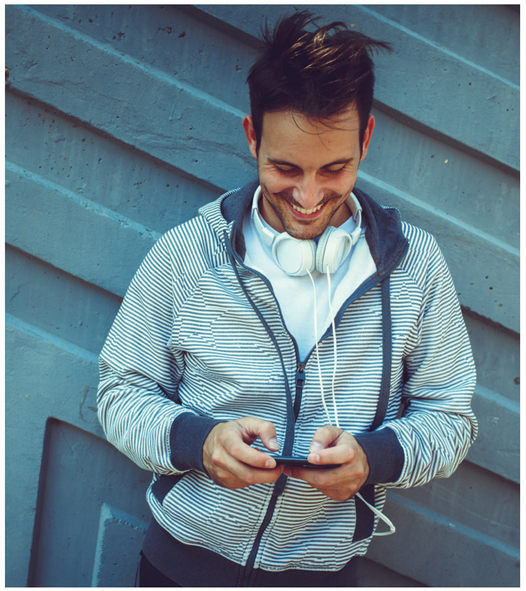
NOS Audiovisuais operates in the audiovisual distribution market. It is the main content distributor in the Portuguese market and ensures, through the acquisition and management of exhibition rights, the distribution of films and series from independent producers and major studios, for cinema, audiovisual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

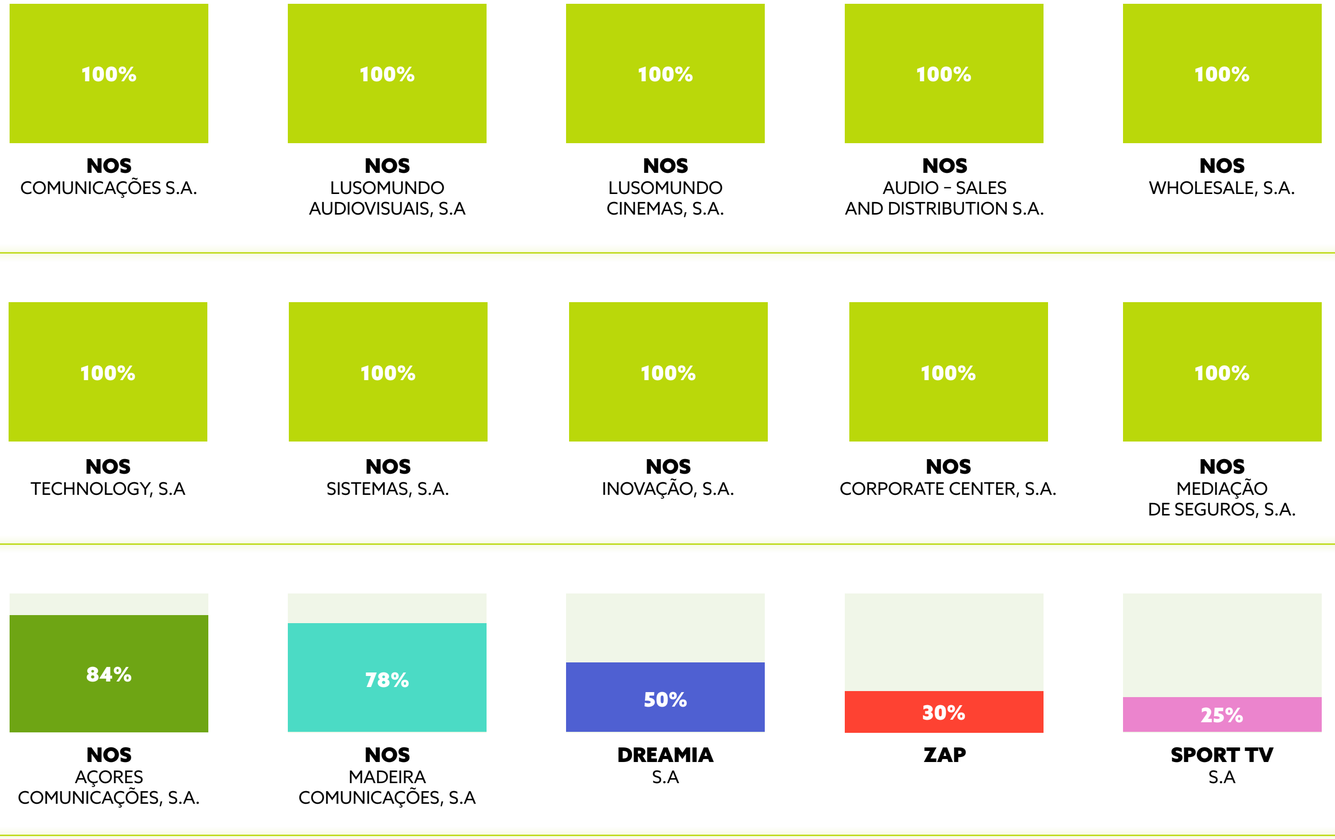
JOINT-VENTURES

NOS also established joint ventures with strategic partners, looking forward to leveraging the content business and developing its operations in the African continent.

3.2.2 THE NOS UNIVERSE

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





3.3 GOVERNANCE MODEL

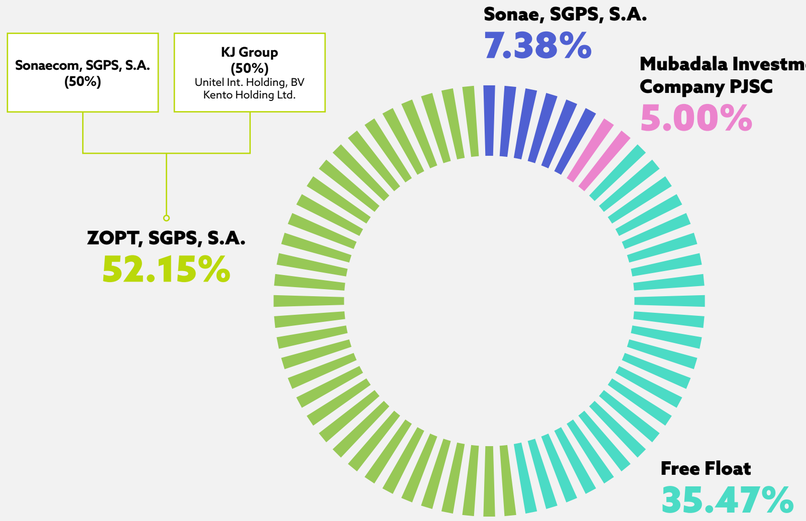
3.3.1 SHAREHOLDER STRUCTURE

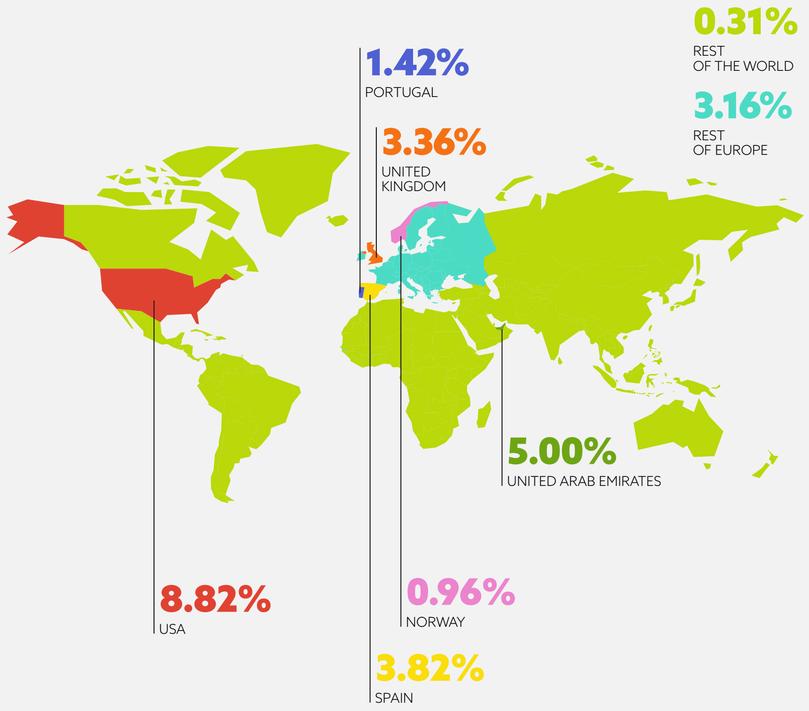
NOS has maintained a stable shareholder structure and is committed to creating value for its various stakeholders.

Share Capital Distribution
on 31 December 2021

€ 5,151,613.80
SHARE CAPITAL

515,161,380
 # SHARES





26.86%
INSTITUTIONAL INVESTORS (1)
of which **20.19%** are **ESG**

8.34%
RETAIL INVESTORS (2)

(1) Institution or organization that invests on behalf of others.
(2) Individual person, non-professional, that invests on its own behalf.

3.3.2 COMPOSITION OF THE GOVERNING BODIES

NOS has a robust, experienced, and competent structure and composition of corporate governing bodies to effectively lead and supervise the fulfilment of its responsibilities and the lines of action that make up the strategic plan, within the established performance parameters and guaranteeing the evolution levels that it proposes to achieve.

In line with the best corporate governance practices, in 2021, NOS' Board of Directors carried out a self-assessment on its functioning and its internal committees, seeking to ensure an increasingly more efficient and informed performance, as well as guaranteeing that topics, namely diversity in gender, expertise, and representation of the various stakeholders, are regarded with due priority and are duly addressed within these bodies. This process exhibits a clear concern from the top management in ensuring the composition and performance of these bodies contribute to the implementation of the organisation's strategic objectives. Further details on the self-assessment process are available in item 24 of the Corporate Governance Report.

The members that make up each of the Governing Bodies are elected for a period of 3 years and, together, aim to bring business skills and specific areas of expertise necessary for the execution of the Group's strategy and ambitions.

GENERAL MEETING

Deliberates on all matters for which the law and the articles of association of the Company assign it responsible.

REMUNERATION COMMITTEE
Its role is to define and fix the remuneration of the Company's corporate officers.

0% 100%
2 MEMBERS, 2 INDEPENDENT*
*Independent as regards the company's management

SUPERVISORY BODIES

Under the terms of the NOS articles of association, the company's supervision is entrusted to a Statutory Audit Board and a Statutory Auditor or Firm of Chartered Accountants

STATUTORY AUDIT BOARD
In carrying out the duties, statutory and legally assigned, this body is responsible for supervising the management of the Company.

33% 67%
3 EFFECTIVE MEMBERS, 1 ALTERNATE MEMBER, 3 INDEPENDENT AND 1 NON INDEPENDENT

STATUTORY AUDITOR
The External Auditor is responsible for auditing accounts, statutory auditing, and the Statutory Auditor Report.

BOARD OF DIRECTORS

Manages the Company's business. The Board of Directors may delegate the day-to-day management of the Company to an Executive Committee.

17 MEMBERS (7 EXECUTIVE)
10 NON EXECUTIVE
1 INDEPENDENT
29.41% 70.59%

EXECUTIVE COMMITTEE
Among others, it is responsible for the day-to-day management of the Company.

7 MEMBERS
14.29% 85.71%

NOS' Board of Directors, in addition to the Executive Committee, created 4 specific internal committees, in compliance with the applicable legal or regulatory requirements, always with merely auxiliary roles, with the decision-making solely being the responsibility of the Board of Directors.

AUDIT AND FINANCE COMMITTEE
Without prejudice to the powers attributed to the Statutory Audit Board, the Audit and Finance Committee is responsible for monitoring the activity of the Executive Committee, advising the Board of Directors on financial matters, among others.

40% 60%
5 MEMBERS: 5 NON INDEPENDENT

APPOINTMENTS AND ASSESSMENTS COMMITTEE
Ensures the assessment of the performance of executive directors, of the performance of the Board of Directors and of the various specialized committees, as well the timely identification of potential candidates with the profile required to perform duties as a director.

33% 67%
3 MEMBERS: 3 NON INDEPENDENT

CORPORATE GOVERNANCE COMMITTEE
It is responsible for the consideration of the corporate governance model adopted, the verification of its effectiveness and the proposed adoption of measures directed at constant improvement.

0% 100%
2 MEMBERS: 2 NON INDEPENDENT

ETHICS COMITTEE
The Ethics Committee's mission is to monitor, with impartiality and independence, the disclosure and monitoring of the NOS Group Code of Ethics.

0% 100%
3 MEMBERS: 1 INDEPENDENT, 2 NON INDEPENDENT

COMPOSITION OF THE BOARD OF DIRECTORS

On December 31st, 2021

ÂNGELO PAUPÉRIO

CHAIRMAN OF THE BOARD OF DIRECTORS

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

No. of terms of office:
3

Member of the following Committees:
Audit and Finance Committee (Member)
Appointments and Assessment Committee (Chairman)

CHAIRMAN OF THE BOARD OF DIRECTORS

MIGUEL ALMEIDA

CEO, CHAIRMAN OF THE EXECUTIVE COMISSION

First appointment:
1 October 2013

No. of terms of office:
3

Responsabilities:
Strategy and Business Development;
Corporate Communication;
Transformation;
NOS Madeira and NOS Açores

Telco experience:
24 years

Member of the following Committees:
-

JOSÉ PEDRO PEREIRA DA COSTA

CFO, DEPUTY EXECUTIVE OFFICER OF THE EXECUTIVE COMMITTEE

First appointment:
21 September 2007

No. of terms of office:
5

Responsabilities:
Financial Assurance Services;
Corporate Finance and DPO;
Investor Relations & Sustainability;
Planning and Management Control;
Procurement

Telco experience:
24 years

Member of the following Committees:
-

DANIEL BEATO

EXECUTIVE DIRECTOR

First appointment:
15 January 2021

No. of terms of office:
1

Responsabilities:
Brand & Communication,
B2C Product,
B2C Segment Management and
B2C Sales

Telco experience:
15 years

Member of the following Committees:
-

EXECUTIVE COMMITTEE

COMPOSITION OF THE BOARD OF DIRECTORS

On December 31st, 2021

FILIPA SANTOS CARVALHO

CCO
EXECUTIVE DIRECTOR

First appointment:
15 January 2021

No. of terms of office:
1

Responsabilities:
General secretary;
Audit & Risk Management;
Market & Customer Intelligence;
Legal and Regulation

Telco experience:
24 years

Member of the following Committees:
-

JORGE GRAÇA

CTO
EXECUTIVE DIRECTOR

First appointment:
26 April 2016

No. of terms of office:
2

Responsabilities:
Quality & Transversal Projects
Mobile & Fiber Centric
Operations
Information & Innovation Services

Telco experience:
17 years

Member of the following Committees:
-

LUÍS NASCIMENTO

EXECUTIVE DIRECTOR

First appointment:
29 June 2017

No. of terms of office:
2

Responsabilities:
Customer service
People and Organization
Cinemas & Audiovisuals
Content
Advertising

Telco experience:
19 years

Member of the following Committees:
Ethics Committee (Member)

MANUEL RAMALHO EANES

EXECUTIVE DIRECTOR

First appointment:
1 October 2013

No. of terms of office:
3

Responsabilities:
Business Transformation Center
Business Solutions
B2B Direct Sales
Corporate Channels
Wholesale

Telco experience:
23 years

Member of the following Committees:
-

EXECUTIVE COMMITTEE

COMPOSITION OF THE BOARD OF DIRECTORS

On December 31st, 2021

ANTÓNIO DOMINGUES

NON-EXECUTIVE BOARD MEMBER

First appointment:
1 September 2004

No. of terms of office:
6

Member of the following Committees:
Audit and Finance (Chairman)
Corporate Governance (Member)

ANTÓNIO LOBO XAVIER

NON-EXECUTIVE BOARD MEMBER

First appointment:
1 October 2013

No. of terms of office:
3

Member of the following Committees:
Ethics Committee (Chairman)
Corporate Governance (Chairman)

CATARINA TAVIRA VAN-DÚNEM

NON-EXECUTIVE BOARD MEMBER

First appointment:
27 November 2012

No. of terms of office:
4

Member of the following Committees:
-

CLÁUDIA AZEVEDO

NON-EXECUTIVE BOARD MEMBER

First appointment:
1 October 2013

No. of terms of office:
3

Member of the following Committees:
-

COMPOSITION OF THE BOARD OF DIRECTORS

On December 31st, 2021

CRISTINA MARQUES

NON-EXECUTIVE BOARD MEMBER

First appointment:
23 March 2020

No. of terms of office:
1

Member of the following Committees:
Audit and Finance (Member)

JOÃO TORRES DOLORES

NON-EXECUTIVE BOARD MEMBER

First appointment:
26 April 2016

No. of terms of office:
2

Member of the following Committees:
Audit and Finance (Member)
Appointments and Assessments (Member)

JOAQUIM DE OLIVEIRA

NON-EXECUTIVE BOARD MEMBER

First appointment:
31 January 2008

No. of terms of office:
5

Member of the following Committees:
–

JOSÉ DE FREITAS

NON-EXECUTIVE BOARD MEMBER, INDEPENDENT

First appointment:
23 March 2020

No. of terms of office:
1

Member of the following Committees:
–

RITA RODRIGUES

NON-EXECUTIVE BOARD MEMBER

First appointment:
23 March 2020

No. of terms of office:
1

Member of the following Committees:
Audit and Finance (Member)
Appointments and Assessments (Member)

COMPOSITION OF THE STATUTORY AUDIT BOARD

On December 31st, 2021

JOSÉ PEREIRA ALVES

CHAIRMAN OF THE STATUTORY AUDIT BOARD

First appointment:
8 May 2019

No. of terms of office:
1

Member of the following Committees:
Ethics Committee (Member)

PATRÍCIA TEIXEIRA LOPES

MEMBER OF THE STATUTORY AUDIT BOARD

First appointment:
26 April 2016

No. of terms of office:
2

Member of the following Committees:
-

PAULO MOTA PINTO

MEMBER OF THE STATUTORY AUDIT BOARD

First appointment:
21 April 2008

No. of terms of office:
4

Member of the following Committees:
-

ANA LUISA FONTE

ALTERNATE MEMBER OF THE STATUTORY AUDIT BOARD

First appointment:
8 May 2019

No. of terms of office:
1

Member of the following Committees:
-

Detailed information on each Director curricular profile, NOS' Governance structure and on the adoption of the Corporate Governance Code recommendations is available on the Corporate Governance Report.

4. OUR BEST ASSETS AND STRATEGIC POSITIONING

4. OUR BEST ASSETS AND STRATEGIC POSITIONING

FUNDAMENTAL RESOURCES TO OUR SUCCESS AND ABILITY TO GENERATE AND DISTRIBUTE REAL VALUE WITH A DIGITAL FOCUS

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4.1 A UNIQUE COMBINATION OF DIFFERENTIATING ASSETS

Our main resources are crucial to the process of generating and preserving value in the short and long term, enabling the joint impetus for a fruitful, responsible, and inclusive digital transformation.

We have a unique combination of people, technology, knowledge combined with an innovative spirit, network and other assets that support our activities and ambition, leveraging our success, but also being leveraged by NOS.

Our assets are related to the capitals suggested by the IIRC framework covering the entire spectrum of value that it proposes: Financial Capital; Human capital; Manufactured Capital; Intellectual capital; Relational Social Capital; Natural Capital. In some cases, the relationship is univocally asset-capital, in the case of other assets, they encompass more than one dimension of value, as mentioned below.

STRONG BALANCE SHEET AND INVESTMENT CAPACITY	FUTURE-PROOF MOBILE AND FIXED NETWORK	STRONGLY MOTIVATED, DIVERSIFIED AND HIGHLY QUALIFIED TEAM	BUSINESS PARTNERS THAT TAKE US FURTHER	PIONEERS IN DIGITAL INNOVATION AND TRANSFORMATION	LARGEST CINEMA NETWORK IN PORTUGAL	STRONG AND WELL-ESTABLISHED BRAND	INTEGRATED AND DIFFERENTIATING ESG FRAMEWORK
FINANCIAL CAPITAL	MATERIAL CAPITAL	HUMAN CAPITAL	RELATIONAL SOCIAL CAPITAL; MATERIAL CAPITAL	INTELLECTUAL CAPITAL	MATERIAL CAPITAL	RELATIONAL SOCIAL CAPITAL	RELATIONAL SOCIAL CAPITAL; NATURAL CAPITAL; HUMAN CAPITAL
Strong cash flows and balance sheets, allied to and resulting from a careful financial management that allows us to have the necessary funds to invest in long-term value creation initiatives	**Our network, increasingly comprehensive and based on state-of-the-art technology, helps us to provide a reliable and quality service**	**Our people, whom we are committed to qualify for the challenges of the future, activate our ambitions with their knowledge and skills, motivation and plurality**	**We work closely with a wide range of partners and suppliers, who help us deliver innovative solutions that best serve our customers' needs**	**Innovation is a structuring pillar of our business and a constant investment, feeding the evolution and relevance of our offer and the digital evolution of companies and society**	**Largest network of national cinema rooms, recognized by consumers as a bastion of quality and fully adapted to the digital age and the safety and hygiene challenges posed by the current pandemic**	**Brand awareness is one of the main assets of NOS representing an unquestionable value for the Group and its performance is a reflection of our institutional marketing strategy, but also a reflection of everything we do**	**Sustainability framework with a clear purpose and objectives, deeply rooted in the business and cross-cutting, which drives our development and contribution to the Sustainable Development Goals**
Strong and stable balance sheet, with an after leases net financial debt/EBITDA ratio of 1.5x	5.1 million homes covered with next generation fixed Gigabit networks (of which 2.7 million with FttH)	1,829 employees, 1,081 men, 748 women	>6,066 business partners, with operating philosophy and values compatible with those of NOS	Continuous product innovation (e.g., NOS Apps, smart number, Wi-Fi 6 router, Apple TV, etc.)	National coverage through 29 complexes and a total of 208 rooms	Elected "Trusted Brand" in the Telecommunications and Multimedia Operators category and integrates the national top 10 of generic advertising recall	ESG performance consistently recognized as high and above industry average by indexes/raters such as Moody's ESG Solutions or CDP's Climate Change programme (see "Recognitions")
Investment grade rating with a stable outlook of BBB by Fitch and BBB- by S&P Global Ratings	99% of the population with 4G mobile network coverage	31% women in management positions and 29% women in senior management	Ecosystem of strategic partnerships, which complement our offer with solutions for a better technological footprint	NOS 5G fund with a capital of €10M to invest in 5G-enabled national start-ups (2 start-ups already invested: Reckon.ai; Knok Care)	More than 60% market share in exhibition and approximately 50% in film distribution	NOS Cinemas and NOS Alive awarded with "Consumer Choice" consecutively	Climate goals recognized by the SBTi
Debt cost among the most competitive in Portugal and in the international sector (average cost of debt in 2021: 1.4%)	Access and transport, synchronism and core networks strengthened and prepared for 5G technology	>75% employees with higher education		Partner for the digital transformation of the Portuguese business fabric through the Centre for Business Transformation	Several consecutive years in first place in the "Consumer's Choice"	Strengthened brand position in light of the COVID-19 pandemic, given the greater need for connectivity	More than 20% of NOS' free float is held by ESG institutional investors
Nationwide fixed and mobile network sharing agreements, maximizing investment and operational efficiency				Largest private R&D investor in Portugal, for the 2nd consecutive year, with an invested total of 67 M€.	Digitization of the customer experience, with movie search, ticketing and merchandising available online and on the new App		

4.2 A STRATEGY FOR CREATING AND PRESERVING VALUE

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

In the action plan of the new strategic cycle initiated in 2021, the ESG dimensions play a significant role. The commitments assumed within the scope of our sustainability vision are articulated with the areas of action inherent to the strategic priorities NOS NEXT GEN, in a grid of actions that start from the business and the customers but provide a broader value foundation.

NOS NEXT GEN strategic priorities

NOS will be an increasingly customer-centric company, with a digital mindset, proud of its future-proof technology, recognized for its ability to innovate and execute, differentiating itself through its strong and bold culture.

NOS is the reference operator in the communications sector in Portugal, leading the market growth and presenting a sustained growth in revenues, results, and shareholder remuneration. We work every day to build an increasingly competent, efficient, and innovative NOS, prepared to lead in the new technological wave that is approaching.

In 2021, the Group entered a new chapter of excellence and strong ambition, based on the ultimate objective of, on the one hand, taking the unequivocal leadership in 5G and digital-centric customer experience, and on the other, building the foundations to ensure competitiveness and an operating model adjusted to the new economic and social paradigm.

NOS NEXT GENERATION strategic priorities, systematized into six strategic axes of action, are the central element of our development strategy:

TAKE THE LEAD

LEAD UNEQUIVOCALLY IN 5G

Due to its relevance to families, companies and the country, NOS 'leadership in 5G will be a key element in strengthening the connection with our customers, in investing in connectivity due to its unquestionable importance and relevance, and in the prominent position at the forefront of a new technological wave that grants operators an even more leading role in society.
NOS will strengthen its commitment to leading in the mobile network experience, extending its coverage in a very substantial way, as well as strengthening its capacity, executing in parallel an ambitious 5G network deployment strategy.
Additionally, NOS will invest on the launch of a differentiating 5G offer, adjusted to the needs of customers and to the technological evolution plan of 5G.

LEAD IN CUSTOMER EXPERIENCE, DIGITAL-CENTRED

The pandemic context and its lasting impacts will mark a new era in digital interaction between companies and customers, breaking with traditional channels and decisively accelerating changes in customers' expectations and habits. For NOS, digital provides the opportunity to continue to reinvent the customer experience and increasingly converge to a customer centric model.
It is, therefore, a strategic priority to strengthen the commitment to a profound digital transformation, in which digital channels have a leading role.

ENSURE COMPETITIVENESS

Achieving excellence in user experience of products and services

The pandemic context emphasized the relevance of connectivity and entertainment services, demanding from NOS an even greater commitment to the quality of service and distinctive characteristics of the offer. In the coming years, NOS will maintain its commitment to excellence in delivering connectivity to our customers and to the ongoing plan to expand our FttH network coverage, and to the evolution of the entertainment ecosystem.

Deepen customer relationships, focusing on business expansion

The competitive context of the national market poses a set of base management challenges that demand a deepening of the relationship with customers and an incessant search for the introduction of innovative elements in the offer of products and services and in the customer experience. In this way, NOS will maintain a firm commitment to the introduction of telco and adjacent products and services, as well as strengthening the partner position for the digital transformation of companies.

Adapt the operating model to the new economic paradigm

The current situation and the demanding expected investment cycle - namely due to the introduction of a new mobile technology - require a new, more disruptive, and agile approach to the NOS operating model. In this sense, NOS will accelerate a path of transformation and redesign of business processes with a focus on maximizing efficiency and return on investment and assets.

Empower the organization for the challenges of the future

Maintaining NOS as a benchmark for sustainability and for valuing our employees will require strengthening the commitment to building an organization aligned around a common purpose, with an agile organizational model, skills for the future, and committed to society.
Catalysing the necessary change will require an ecosystem of people capable of creating, developing, and injecting the necessary transformations, promoting diversity and inclusion, and dynamically adjusting the organizational model and working models.
It is within this strategic pillar that we incorporate a systematic approach to sustainability, considering the ethical, social and environmental dimensions as strategic and inseparable factors in the development of the organization and the business.
Our commitment to sustainable development is intrinsically linked to the ambition of continuing to be an example of leadership and recognition in sustainability in the sector and in Portugal.

5. WE GENERATE VALUE WITH EVERYONE IN MIND

5. WE GENERATE VALUE WITH EVERYONE IN MIND

THE VALUE CREATED BY THE GROUP'S ACTIVITIES IS DISTRIBUTED BY THE VARIOUS STAKEHOLDERS

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5.1 CONTEXT AND TRENDS THAT INFLUENCE AND CHALLENGE US

Our strategic priorities, and above all the way in which we operate them and generate long-term results and value, incorporate the context in which we operate and global and national trends.

With a dynamic and proactive attitude, NOS seeks to make the most of the potential provided by the external environment, as well as transforming challenges and risks into opportunities for growth and value creation. On the other hand, as a reflection of this attitude and due to its relevance in the outlook of the Portuguese telecommunications market, NOS ends up influencing the very context in which it operates.

5.1.1 OVERVIEW OF THE NATIONAL AND EUROPEAN TELCO MARKET – PORTUGAL AT THE FOREFRONT

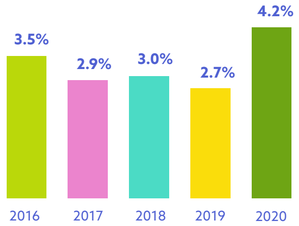
Continuous investment by the sector at the national level

In line with previous years, the Portuguese telecommunications market is at the forefront of the European sector. It is a market that is distinguished by the high and continuous investment in the latest technology, with levels systematically above the European average.

This investment is of immense importance for the national economy – according to data published by ANACOM, global investment in the electronic communications sector corresponded to 4.23% of Portuguese Gross Domestic Product in 2020.

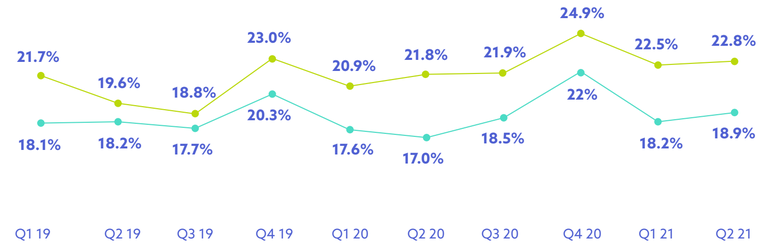
Weight of global investment in the Electronic Communications sector in Gross Fixed Capital Formation

(%, Source: ANACOM)



CAPEX-to-Revenue Ratio of the telecommunications sector

(%, Source: Broker Research) Portugal European Average



Unique coverage and connectivity in the European context

The strong investment by operators, the group in which NOS is included, allowed Portugal to establish itself as an example country in terms of coverage and connectivity. More than 85% of Portuguese homes are covered with new generation networks, with 82% of homes being covered with fibre, compared to 59% of the European Union average (source: DESI 2021).

In mobile, while the 5G network is being built, the 4G network continues to have an incredibly significant weight in communications and will continue to support mobile communications for a long time to come, being crucial in supporting the 5G network in its early years. This 4G technology covers almost the entire country in line with other European countries.

In connectivity, Portugal also has a unique position, with a high penetration of both fixed and mobile services among the Portuguese. In fixed connections, more than 60% of households have a high-speed fixed broadband subscription, exceeding 100 Mbps, being the third country with the highest adoption of this type of connection. Therefore, it can be said that the Portuguese telecommunications sector works to offer the best technology and the best service to the Portuguese people and to the national business fabric, with NOS playing an active and increasingly relevant role in this process.

Society is going through a moment of digital disruption, which 5G promises to accelerate. Operators are concerned with promoting this digitization, and with providing all the resources to make it possible and more accessible. Despite the delay in the delivery process of 5G in Portugal, resulting from a long auction of frequencies, the sector has invested heavily and worked to deliver the technology as quickly as possible, and in as many places as possible. This concern is also reflected in the way economies are assessed. In the European case, this assessment is based on the DESI (Digital Economy and Society Index), prepared by the European Commission. In the report published in 2021, in the connectivity index, one of the components of the DESI index, which measures the demand and supply of fixed and mobile broadband, Portugal is in 16th position, behind the European average. By analysing the various components, it can be concluded that our country was penalized for the delay in the process of allocating 5G frequencies.

In fact, and as previously covered, Portugal is at the forefront of Europe both in terms of penetration of broadband services and in the coverage of its territory with fixed and mobile networks. However, the delay in the process of allocating 5G frequencies did not allow Portugal to accompany the other countries in the provision of 5G services. With the auction ending in October 2021, and the high investment effort underway by operators, it is expected that this situation will be reversed.

At the service of an increasingly evolved and digital society

The next few years promise to be technologically revolutionary for Portugal, with people and companies taking advantage of all the advantages of 5G. New equipment, new ways of operating, new connections, new ways of working will emerge and transform society.

Government entities follow the trend and analyse with great attention the digitization of countries, seeking to accelerate it. At the European level, the Recovery and Resilience Programme should be applied, among other points, to the digitization of society, whether in the development of digital skills or investment in new generation networks for everyone to access. At NOS we believe that technological evolution goes hand in hand with the evolution of society and, in this sense, business and company are at the forefront in responding to global challenges, such as adaptation and mitigation of climate change, scarcity of natural resources, increasing economic inequalities and a heightened concern about security, privacy and education issues.

The market in which we operate is subject to rapid technological evolution, and the regulatory context is also increasingly challenging from the point of view of environmental and social governance requirements, forcing the permanent integration of state-of-the-art technologies and the development of innovative solutions, which respond to the expectations, which are also evolving, of our customers and society as a whole. We believe that technology can play a leading role in responding to global challenges and creating opportunities. We want to use this transformative potential to create social change and increase the productivity of companies, respecting the environment and generating value for all our stakeholders.

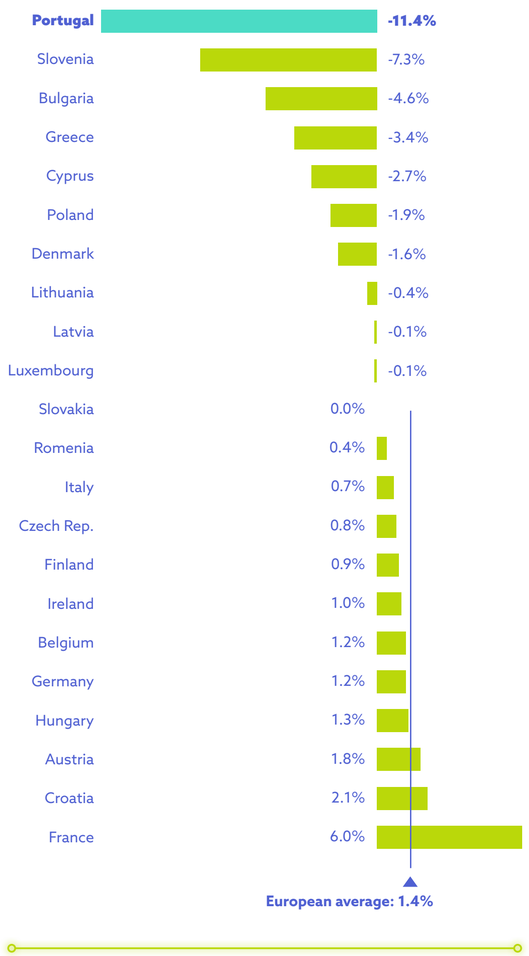
Offer at increasingly competitive prices

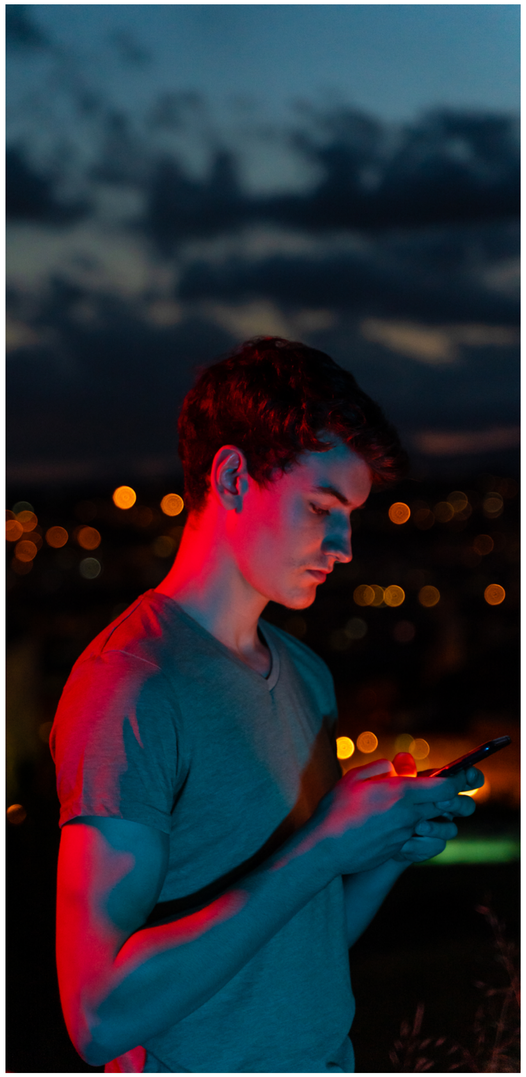
Besides the wide coverage of the country, the sector has worked to make services available at increasingly lower prices, a factor that also influences digital inclusion. During 2021, the prices of bundled services showed a stable evolution on average over the last 12 months. These services are highly popular among the Portuguese – around 90% of households have subscribed to bundled offers, according to ANACOM.

Additionally, and in line with the increasing digitalization of society, the price level of the stand-alone fixed internet, in Portugal, decreased by 11.4% at the end of 2021, compared to the previous year. This was the biggest drop among European countries, whose average recorded an increase in price.

Annual evolution of the standalone Fixed Internet price level

(Annual evolution, December 2021, Source: HICP Eurostat)





5.1.2 MACROECONOMIC CONTEXT

After a year of 2020 devastated by the first impacts of the pandemic and respective lockdown in 2021, there was a clear recovery of economic activity. The advance in the vaccination process and the end of the more restrictive measures contributed to the increase in consumer confidence, although without recovering pre-pandemic levels.

The year was also marked by the increase in the prices of raw materials and the transport of products, which resulted in a general increase in prices, a trend that is expected to continue in the immediate future. Technological products are being strongly affected by the shortage of raw materials, which, in addition to contributing to the increase in prices, are being delivered with increasing delays due to widespread disruptions in distribution chains.

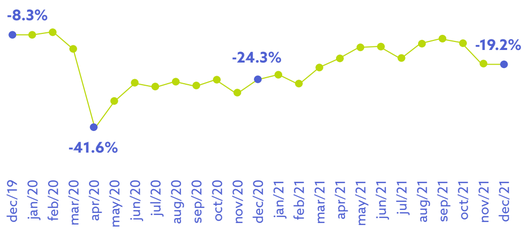
In the context of the recovery that began to be experienced in 2021, the national Gross Domestic Product (GDP) grew by 4.8%, above the expectations of the various organizations (IMF with 4.4%, EC with 4.5% and the Portuguese Public Finance Council with 4.7%), which compares to the growth of 5.2% for the Euro Zone. According to the National Statistics Institute (INE), the average inflation rate in 2021 was 1.3%, in line with the recovery in demand and the increase in prices in the last months of the year. The unemployment rate reached 6.1% at the end of the third quarter of 2021, below the 7.8% registered in the same period of 2020 – the Bank of Portugal projects that the unemployment rate in 2021 will be 6.6%.

For the coming years, Banco de Portugal's projections point to a continuation of the recovery of economic activity in Portugal, with an estimated GDP growth of 5.8% for 2022, higher than the projection for the Euro Zone of 2.9%. GDP growth is expected to begin to normalize to pre-pandemic levels from 2023 onwards, with 3.1% for that year and 2.0% for 2024.

The labour market should continue to improve, with the unemployment rate showing more significant decreases and private consumption should continue to be one of the main drivers of the economic recovery for next year, with growth of 4.8% in 2022, in line with values for 2021. In line with this increase in the level of economic activity and continuous increases in raw materials, the inflation rate is estimated to rise to 1.8% in 2022 and 1.1% in 2023.

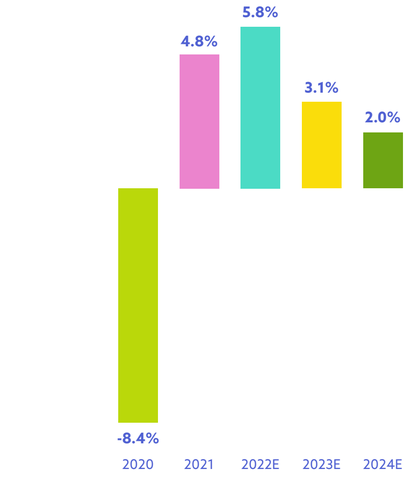
Consumer trust index, monthly evolution

(Balance of external responses, Source: INE)



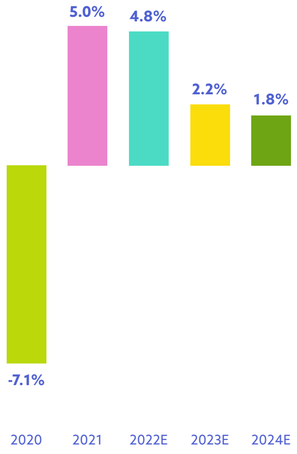
Gross domestic product evolution

(Source: Banco de Portugal)



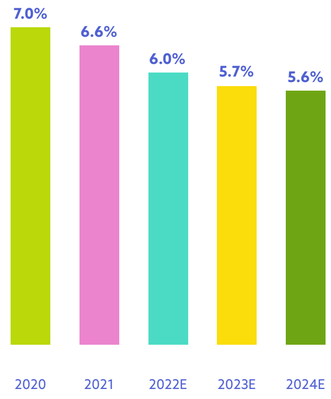
Private Consumption Evolution

(Source: Banco de Portugal)



Unemployment Rate Evolution

(Source: Banco de Portugal)



5.1.3 REGULATORY FRAMEWORK

NOS follows the evolution of the general legal and regulatory framework and, as an operator in regulated sectors, with special emphasis on the sectoral regulatory framework that is applicable to it, in order to incorporate and better manage the threats and opportunities that it represents for its competitive position in the respective business areas, also closely following international sectoral trends.

National regulatory bodies with intervention in the activities of NOS

Sectorial scope

Telecommunications
Autoridade Nacional de Comunicações – ANACOM

Television services and Audiovisual Content
Entidade Reguladora para a Comunicação Social – ERC

Transversal scope

Autoridade da Concorrência AdC

Comissão Nacional de Proteção de Dados – CNPD

Frequency auction

The year 2021 was marked by the auction of the 700 MHz, 900 MHz, 1800 MHz, 2.1 GHz, 2.6 GHz, and 3.6 GHz bands, known as the "5G auction", which was characterized for its extended duration. The auction was divided into two phases, the new entrants phase and the main phase. Beginning on December 22 of 2020, in the first phase, only operators without previously acquired spectrum were able to participate with bids for the 900MHz and 1800MHz bands. It ended on January 11 2021, after 8 days of auction, having been composed of two bidders: NOWO from the Spanish group MásMóvil, and Dixarobil from the Romanian group Digi Communications.

In contrast, the main phase of the frequency auction took much longer, lasting 1,727 rounds and 201 days. This phase began on January 14, 2021, and ended only on October 27, with changes to the bidding rules at two separate times during this period. At this phase, there were six participants: NOS, Vodafone Portugal, Altice Portugal, Dense Air, NOWO and Dixarobil. Among the two phases and all bidders, NOS was the operator that invested the most money and acquired the largest spectrum amount.

The frequency allocation process was marked by an environment of marked disagreement between the regulator and the incumbent operators, namely with regard to the market base assumptions and the auction model adopted by the regulator, which, due to the very nature of the established auction rules, gave origin to the unprecedented delay in the conclusion of the process.

With the allocation of frequencies to the winning operators, the Portuguese people were already able to enjoy 5G mobile services from the end of 2021, with NOS being the first operator to launch its commercial offer on the 26th of November.

Transposition of the EECC

Some progress has been made in the process of transposition of the European Electronic Communications Code (EECC) into national legislation, but it has not yet been completed. In April 2021, the Council of Ministers approved the draft law establishing the Electronic Communications Law. This was delivered to the National Assembly with a view to its discussion, eventual amendment, and approval. In 2021, the Parliamentary Commission for Public Works and Communications created a Work Group for Electronic Communications, which consulted various entities with an interest in the subject, namely the regulator, operators, the competition authority, and consumer representatives, among others, as well as prominent figures in the sector.

It is expected that after the legislative elections at the end of January 2022, the work on transposing the EECC into national legislation will resume. This new legal framework for electronic communications will have a very significant impact on the evolution of the national regulatory framework in matters such as consumer rights, market analysis, spectrum, universal service and governance, as well as on the regulation of the activity of content streaming companies (Over the Top players - OTT) which, offer services that compete directly with the electronic communications services of traditional operators and, until now, were outside the sectorial regulation. In fact, the transposition should have taken place by December 21, 2020, and the European Commission, in September 2021, opened an infringement procedure against the Portuguese State for the delay.

Creation of the Internet Social Tariff

Last year was also marked by the approval of the Government Ordinance that sets the conditions of the Internet Social Tariff, which came into force on January 1st, 2022.

The process of developing this measure took place in the year that ended, with the contribution of the regulator and operators, and with the final decision by the Government. During the process, ANACOM decided to increase the requirements, initially proposed, in terms of bandwidth and monthly traffic included in the offer. However, the Government, responsible for the final decisions, decided to comply with the regulator's initial proposals, with which the operators agreed.

Thus, the Internet Social Tariff comprises a monthly package of 15 GB and a speed of 12 Mbps for download and 2 Mbps for upload. It has a monthly cost of €6.15 (€5 + VAT), and the equipment will have a maximum cost of €26.38 (€21.45 + VAT), which can be paid in 12 or 24 monthly instalments. These amounts will be reviewed annually.

The Government estimates that this tariff covers 780 thousand Portuguese, aimed at consumers who benefit from the following social benefits:

- Solidarity Supplement for the Elderly (CSI).
- Social Insertion Income (RSI).
- Unemployment allowances.
- Family allowance.
- Social disability pension from the special disability protection regime or from the supplement to the social benefit for inclusion.

• Old-Age Social Pension
Households with an annual income equal to or less than 5,808 euros can also benefit, plus 50% for each member who does not have any income (including itself), up to a limit of ten people.

It is expected to be another step towards the accessibility of all Portuguese people to an increasingly digital world, which translates into day-to-day tasks, education, and communication with each other.

Coverage of white areas in Portugal with new generation networks

By joint Order of the Offices of the Minister for Planning, the Secretaries of State for Digital Transition, Deputy Minister for Communications and the Secretary of State for the Development of Inland Regions, the Connectivity Working Group was created in October 2021 with the mission of carrying out the analysis of the existing needs in the national territory regarding the coverage of fixed and mobile networks, as well as the availability of public financing funds, namely from the European Union, and of private funds for investment in connectivity infrastructures.

The Working Group must, within 90 days, deliver a report that includes the Group's conclusions regarding the coverage needs in the national territory, the availability of funds for investment in connectivity infrastructures and the most appropriate connectivity solutions to ensure coverage of the identified white areas.

Also in October of last year, ANACOM was tasked with carrying out a first survey of the white areas of the national territory, as well as drawing up a proposal for the specifications for the tenders to be launched, ensuring compliance with the State aid rules of the European Union. This information was delivered to the Connectivity Working Group in December 2021.

After the conclusion of the final report by the Connectivity Working Group, a public inquiry is expected, later this year, on the terms of the public tenders that will be launched to cover the white areas of the national territory that are understood to be relevant.

Extension of the Roaming Regulation in the European Union

On 9 December 2021, an agreement was reached between the Council, Commission and European Parliament to extend the current Roaming Regulation for a further 10 years, until 2032.

The compromise reached maintains the principle of Roam-Like-at-Home, that is, the possibility of using mobile services in roaming in the European Union at the same prices as at home. The agreement also provides for a strengthening of transparency measures and the obligation of roaming providers to offer the same quality to roaming customers as the one provided at home, whenever this is technically possible. The updated version of the Regulation enters into force on July 1 of this year.

Sub-assignment of Numbers regulation

In December 2021, ANACOM approved the Regulation on the sub-assignment of numbers. According to the regulator, this Regulation will increase competition in the provision of electronic communications services, reduce barriers for the entry of companies in the market, as well as increase consumer choice. The new rules will allow the numbers assigned by ANACOM to providers of electronic communications services to be used by end customers of other providers within the scope of their offers, subject to agreement between the parties.

Sub-assignment is subject to the conclusion of a contract between the numbering operator and the sub-assignment beneficiary, and the respective wholesale and retail offers must be communicated to ANACOM. Services based on sub-assignment of numbers must ensure the conditions for the use of numbers and guarantee all the rights of end users and subscribers, namely the right to number portability.

Consumer contact lines

On November 1st, 2021, the new rules regarding consumer telephone contact lines came into force, however, in the sanctioning regime, the established offences will only take effect from June 1st of this year.

The new ones include the obligation to provide a free support line, or with geographic or mobile numbers, for contacts in the context of consumer relations. Additionally, additional lines may be made available, and must be disclosed together with the mandatory lines and must not be more efficient or faster than the mandatory lines.

Transposition of the Audiovisual Media Services Directive (AVMSD)

On February 17, 2021, the changes imposed to Law No. 27/2007 ("Television Law") and Law No. 55/2012 ("Film Financing Law"), arising from the transposition of the Audiovisual Directive (AVMSD) came into force.

As part of the amendments to the "Television Law", national audiovisual service providers (e.g., NOS Play, Videoclube) and outside Portuguese jurisdiction (e.g., Netflix, HBO) must include 30% of European works in the catalogues, of which half of these works must be in Portuguese and produced at least 5 years ago. Additionally, it continues to provide for the possibility of termination in the event of a change in the channel grid offered by distribution operators, and now includes amendments made to on-demand audiovisual services offered by distribution operators.

In the "Cinema and Audiovisuals Law," investment obligations are now conducted according to tiers, based on the provider's relevant income and respective categories of services. These investment obligations are not applicable to operators with relevant annual income of less than 200 thousand euros and a market share of less than 1%. Furthermore, these investment obligations are extended to operators outside national jurisdiction, targeting public and audiences in Portugal.

Also, within the decree-law, a specific fee was introduced for operators of audiovisual services on demand (national and that address audiences in Portugal) by subscription, of 1% of the relevant income. On August 25th, 2021, the decree-law was published that regulates the "Cinema Law" with regard to the collection of fees and investment obligations to which television and audiovisual operators are subject. The August 2021 decree-law came into force on January 1st, 2022, and the first payment of the fee applicable to subscription audiovisual services on demand (SVoD) will take place in April this year.

5.2 THE VALUE WE GENERATE FOR ALL STAKEHOLDERS

Our activities use resources generating both positive and negative impacts. Through our assets and a careful management of priorities, risks and opportunities, and adequate monitoring processes, we are able to balance our impacts in order to generate and share the value we generate, with the economic dimension being just one of the many shared dimensions.

We share comprehensive value

Our assets combined with a clear strategic direction and business plan allow us to share different dimensions of value with stakeholders. Our strategy is based on an ambitious and oriented vision to respond to the challenges of the digital society of the future, as well as the most pressing environmental and social challenges.

Customers	Employees	Business Partners	Environment and Society	Shareholders
Our customers are at the centre of our actions and decisions. We constantly invest to be increasingly present and close, and we put new generation technologies and innovation at the service of an increasingly digital, safe, and rewarding experience, creating real value with a digital focus.	We are committed to positioning NOS as the best company to work for, ensuring the promotion of talent and training for the challenges of the future, fostering diversity, inclusion, and equal opportunities.	We are fair and transparent in the relationship with all our partners and suppliers, seeking to reach agreements that maximize the value generated for all parties and helping to boost the national economy.	Our products and services and our performance contribute to a more digital, inclusive, energetic, environmentally efficient and aligned with ESG values society.	We combine ambition and optimism with careful discipline in managing assets, investments, and risks, ensuring solid operational and financial performance, increasingly anchored in ESG capital.

5.3 SUSTAINED RESULTS AND VALUE GENERATION FOR OUR SHAREHOLDERS

5.3.1 OPERATING AND FINANCIAL RESULTS

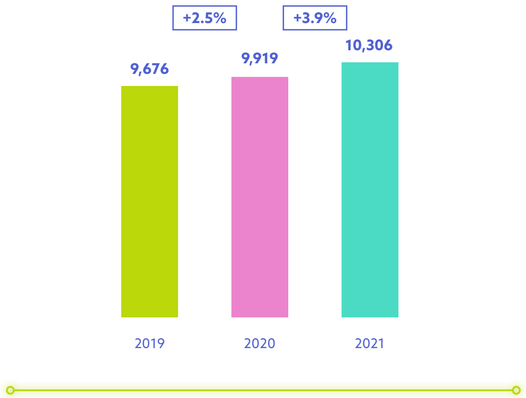
In 2021, we once again reached a historic high in terms of communications and entertainment services provided, strengthening the resilience of the telecommunications core business and the preference that consumers have for integrated and convergent services. It was also a year of great recovery in cinema and audiovisual activity, with the return of spectators to the exhibition venues with the easing of lockdown restrictions and the release of long-awaited blockbusters.

The continued growth in operating results demonstrates the great resilience of the telecommunications core business during an atypical period impacted by the pandemic. Even operating in an extremely competitive industry, NOS managed to increase the total number of services provided to around 10.306 million, which corresponds to an increase of 387 thousand RGUs, growing by around 4%, when compared to the previous year.

The robust growth in RGUs was largely contributed by the increase in the number of mobile subscribers, with net additions of 342 thousand services for a total of 5.350 million at the end of 2021. Of this growth, 275 thousand net adds were of post-paid mobile services and 67 thousand of prepaid services. In both cases, it is also the best performance since 2016.

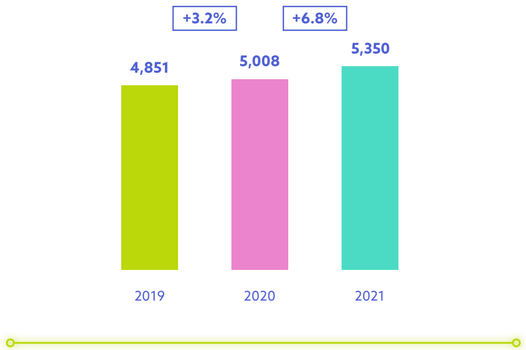
Total RGUs

(Thousands)



Mobile Subscribers

(Thousands)

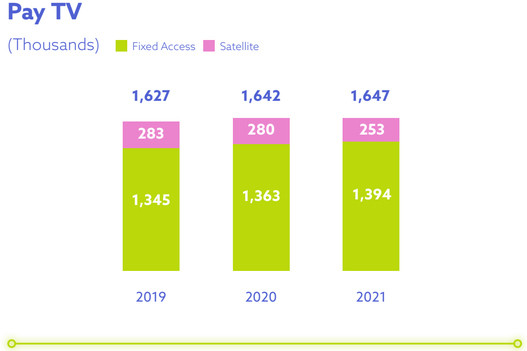


In fixed access Pay TV, we increased the customer base by 31.4 thousand customers, more than offsetting the reduction in the number of customers subscribing to satellite services as replacement for fixed access services. We thus ended the year growing the total Pay TV customer base to 1.647 million customers, a clear reflection of the importance that customers attach to our vast and relevant offer of interactive TV content and features, on all viewing platforms, namely through TV set-top-box, PC, tablet, and smartphone

The penetration of convergent and integrated services reached 64.4%, an increase of 2 percentage points compared to 2020. The services subscribed by the 1,020 million convergent and integrated customers reached 5,231 million RGUs, around 5.1 services per customer. The increase in the penetration of convergent and integrated services also helps to explain the net increases and the good performance achieved in the subscription of Mobile and Pay TV services.

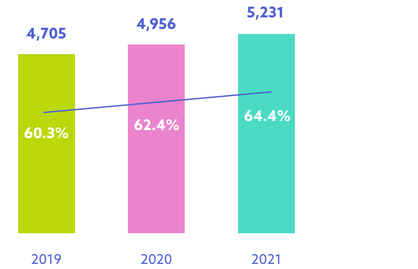
Pay TV

(Thousands) Fixed Access Satellite



Convergent RGUs, % Fixed Access Customers

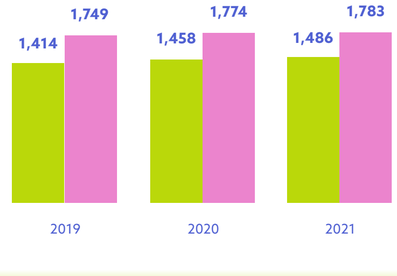
(Thousands, %)



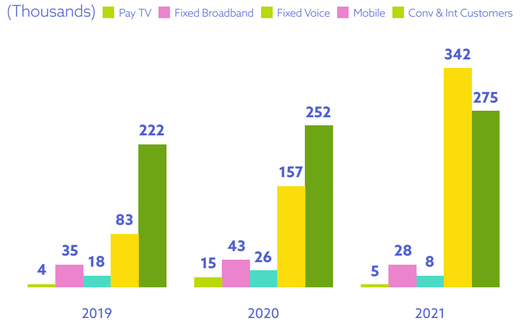
In Broadband and Fixed Voice, services that are an integral part of convergent and integrated bundles, we also recorded a positive performance in 2021, with 28.2 thousand and 8.3 thousand net additions, respectively, reaching a total of 1.486 million Broadband and 1.783 million Fixed Voice subscribers.

Broadband and Fixed Voice Subscriptions

(Thousands) Fixed Broadband Fixed Voice



Net Additions



Reflection of the optimization and proactive management of the value proposition presented by NOS through the innovation and diversification of products and services with added value for customers, as well as the increase in the number of bundle services subscribed, the Fixed Residential ARPU (average revenue per user) increased by 2.6% to 44.8 euros. We also saw an increase in the subscription of some premium content offers throughout the year, which also contributed to this increase in average revenue per customer.

We continued to deliver very robust financial results as a result of continued operational growth, constant optimization and digitalization of operational processes and maintaining a disciplined approach to resource and capital management.

Operating Revenues

During 2021, Operating Revenues increased by 4.6% compared to 2020, to 1,430.3 million euros, thus returning to consolidated figures close to those obtained before the pandemic. Focusing on the core Telecommunications business, revenues increased by 4.1% compared to 2020, to 1,401.5 million euros and were 1.4% above pre-pandemic levels in 2019. In the case of the Media & Entertainment division, there was a strong recovery in revenues compared to 2020, from 24.6% to 67.0 million euros, with the recovery accelerating throughout the year with the progressive lifting of restrictions.

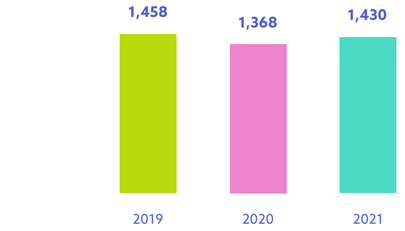
In Telecommunications, revenues from the Consumer segment increased 2.0% compared to 2020, with revenues from customers in the Residential segment and from the sale of equipment driving the recovery to pre-pandemic figures, largely due to the recovery of premium sports channels subscribers, as well as the increase in sales of fixed access services.

In the Corporate segment, revenues grew by 9.6%, with a significant increase in customer and equipment sales revenues offsetting the slowdown in operator revenues. The performance of customer revenues reflected a material increase in the provision of IT services, essentially due to the increase in the sale of integrated IT and data consulting projects.

Wholesale and Other revenues increased by 11.5% to 83.1 million euros, of which the main contributor was the recovery of the advertising market throughout the year.

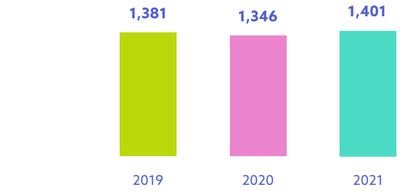
Operating Revenues

(Millions of Euros)



Telco Revenues

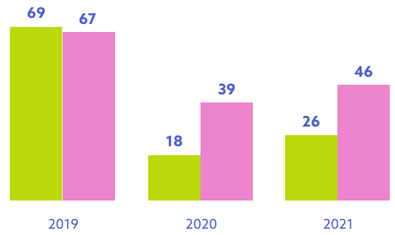
(Millions of Euros)



The easing of the social lockdown measures imposed by the pandemic was the main driver for the recovery of revenues in the NOS Media & Entertainment segment. With an increase of 24.6% in consolidated revenues from this segment compared to 2020, revenues of 67.0 million in 2021 is still 43.6% lower when compared to pre-pandemic figures. With the gradual and expected return to normality over the next year, it is natural that this segment will return to sales levels close to pre-pandemic years.

Audiovisual and Cinema Renevues

(Millions of Euros)
Cinema Total Revenues
Audiovisual Total Revenues



It should be noted that the start of 2021 was marked by the total closure of cinema venues for 3 months and subsequently by significant limitations in schedules and capacities. The recovery took place in April with the reopening of spaces, with the opening hours and capacity of the rooms varying throughout the year to respond to the evolution of the pandemic situation in Portugal. It should be noted that revenues from Cinemas recovered by 43.9% and those from the Audiovisuals business by 17.9%.

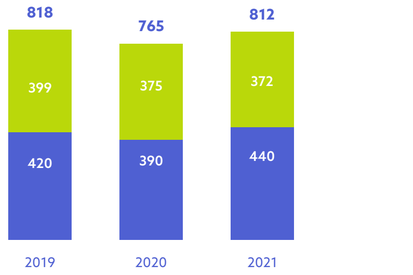
OPEX e EBITDA

Total OPEX grew by 6.2% in 2021 to 812.3 million euros, an increase above that of Revenues, essentially justified mainly by the 12.8% increase in direct costs. This increase was due to the fact that, in the previous year, the level of costs recorded with premium sports channels was abnormally low due to the suspension of the main sports leagues in the first months of lockdown in 2020. Also contributing to the higher level of direct

costs was the increase in the cost of goods sold due to the investment on a wider range of higher-end mobile terminals, and also due to the increase in consulting and IT projects in the business segment that tend to include the sale and installation of technical equipment at customer premises. The remaining operating costs remained relatively stable, when compared to 2020.

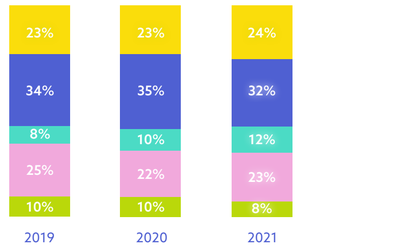
Total OPEX

(Millions of Euros) Direct Costs Indirect Costs



Total OPEX Breakdown

(%) Traffic Programming COGS Operating & Structure Others



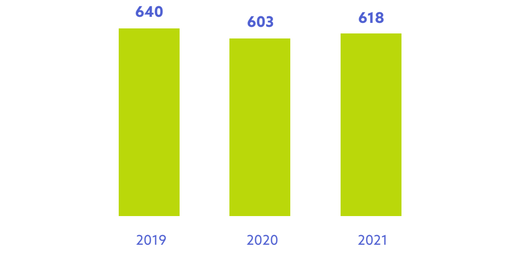
In 2021, Consolidated EBITDA reached 618 million euros, corresponding to an increase of 2.5% compared to the previous period and an EBITDA margin of 43.2%.

Analysing the margin by business area, the EBITDA of the Telecommunications business rose slightly in 2021 to 574.4 million euros, corresponding to an EBITDA margin of 41.0%. This performance in the year reflects a positive trend over the quarters, going from +1.2% in 1Q21, -5% in 2Q21, +2.4% in 3Q21 and finally to +2.5% in 4Q21.

In the Audiovisuals and Film Exhibition division, the EBITDA margin improved by 9.9pp, with a 24.6% increase in revenues, well above the 3.3% increase in costs. As a result, EBITDA from Audiovisuals and Film Exhibitions increased by 47.1% compared to 2020, to 43.6 million euros.

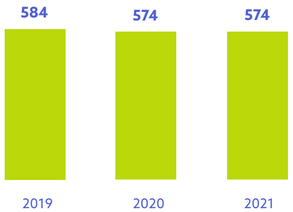
Consolidated EBITDA

(Millions of Euros)



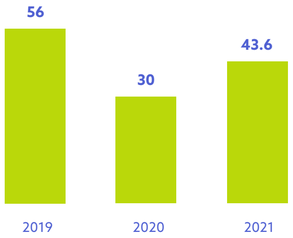
Telco EBITDA

(Millions of Euros)



Cinema &AV EBITDA

(Millions of Euros)



Net Income

Consolidated Net Income recorded an annual growth of 56.7% to 144.2 million euros in 2021.

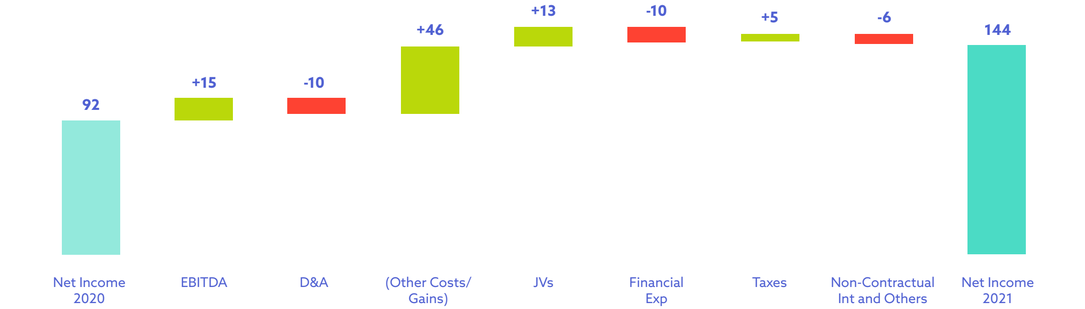
In addition to the 2.5% increase in EBITDA to 618 million euros, the main contribution to the improvement in Net Income was the reduction in Other Costs and Income, which decreased from 56.0 million euros in 2020 to 9.8 million euros in 2021, with most of the value for 2020 being linked to the impacts of the pandemic, namely the strengthening of operational provisions for bad debts (c. 20.9 million) and onerous contracts (c. 10.8 million) and the costs of acquiring personal protective equipment (c. 4.0 million).

The contribution of the Associated Companies was positive compared to the negative result in the same period, with gains of 3.6 million euros, with positive contributions from ZAP and negative contributions from the other associates. With the opposite contribution, Depreciation and Amortization reached 419.5 million euros, 2.3% more than in the previous year and Net Financial Costs increased 37.5% when compared to 2020, thus reaching 36.6 million euros.

In the latter case, the increase was essentially due to the increase in interest on leasing contracts, namely the contract signed with Cellnex for the sale of mobile towers at the end of September 2020. Despite the increase in Income before taxes by around 53.2% to 155.6 million, the provision for Income Tax recorded in 2021 was 11.8 million euros, 27.9% lower than in 2020, having benefited from positive variations in the tax incentives. The effective tax rate stood at 12.5% for the Group.

Net Income Evolution

(2020-2021, Millions of Euros)



CAPEX

Total CAPEX Excluding Leases, Other Contractual Rights, and investment in 5G spectrum increased by 9.7% in 2021, to 422.3 million euros.

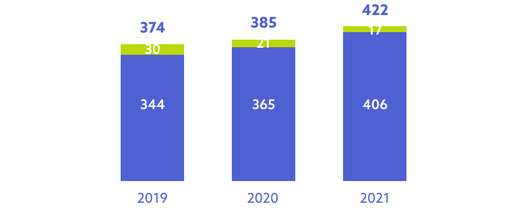
The 11.4% increase in Telecommunications CAPEX reflects the technology leadership strategy implemented by NOS and extensively covered previously on this report. In this sense, Technical Telecommunications CAPEX recorded an increase of 19.1% compared to 2020, reaching 28.9% in proportion to Telecommunications Revenue. This increase in investment of a technical nature is mainly linked to the acceleration of the FttH network deployment programme, which at the end of 2021 had already reached 2.7 million homes (more than 50% of NOS' fixed Gigabit network), as well as the start of investment in 5G mobile technology, in anticipation of the commercial launch that took place in November 2021.

Customer CAPEX remained constant, compared to 2020, reflecting the provision of the most sophisticated equipment in the market, such as our Giga router, next generation UMA boxes and Apple TV boxes (typically included in higher value bundles), combined with levels of lower customer base turnover compared to previous years, thus rewarding our strategic focus on delivering the best market experience to our current and future customers.

CAPEX in the Audiovisuals and Film Exhibition area decreased by 19.9% to 16.7 million euros, due to the retraction of Film exhibition activity, particularly in the first half of the year, due to the social distancing restrictions imposed.

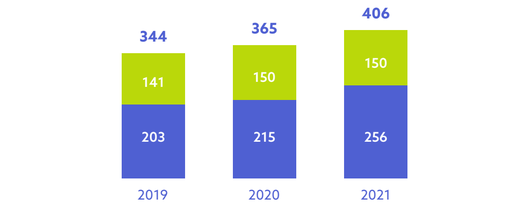
Total CAPEX Excl. Leasings & Other Contr. Rights

(Millions of Euros) Telecommunications AV & Cinemas



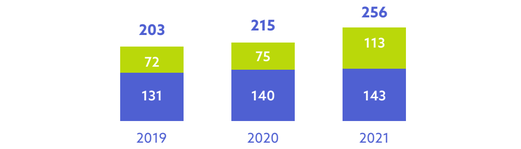
Telco CAPEX

(Millions of Euros) Technical Customer



Telco Technical CAPEX

(Millions of Euros) Base Network Exp, Subst/Int Proj & Others



Free Cash Flow

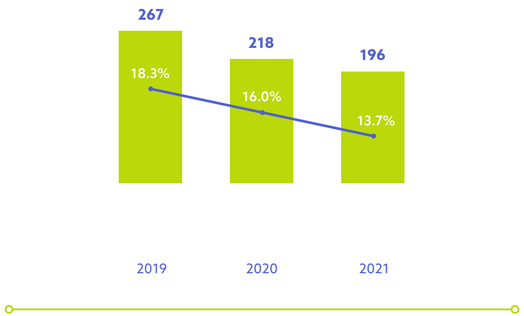
As a result of the performance of EBITDA and CAPEX described above, EBITDA-CAPEX in 2021 recorded a decrease of 10.4%, to 195.6 million euros, 13.7% as a proportion of Operating Revenues. The 30.8% increase in the accumulated value of the Leases item compared to 2020 is due to the sale to Cellnex, at the end of September 2020, of "NOS Towering", a company that owns NOS' mobile sites. In accordance with the terms announced on the date of the sale, this transaction generated a total financial contribution which may ascend to 550 million euros until the end of 2026, depending on the sale of additional sites and on the reconfiguration of existing sites. 375 million Euros were already received in 2020. .

Operating Cash Flow thus registered a drop of 28.9% compared to 2020, to 90.7 million euros. Interest Paid and Other Financial Charges decreased by 7.9% to 10.9 million euros, while Income Taxes decreased to 0.7 million euros, mainly due to a positive adjustment of 14.5 million euros in the last quarter of the year due to overpaid tax in the previous year.

In the last quarter of the year, NOS paid 151.3 million euros for the usage rights of 5G spectrum licenses, won at the auction process concluded in October, benefiting from a cash discount of around 8% compared to the 165 million euros bid by NOS to acquire the licenses. Added these impacts, Free Cash Flow Before Dividends amounted to -79.8 million euros.

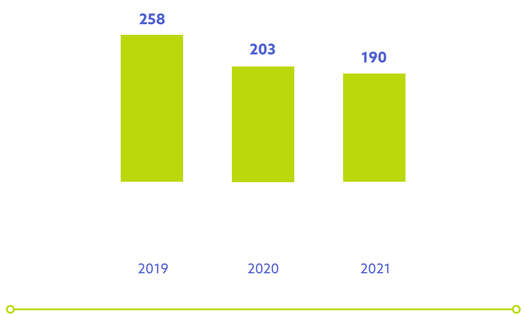
EBITDA-CAPEX, % of Operating Revenues

(Millions of Euros, %)



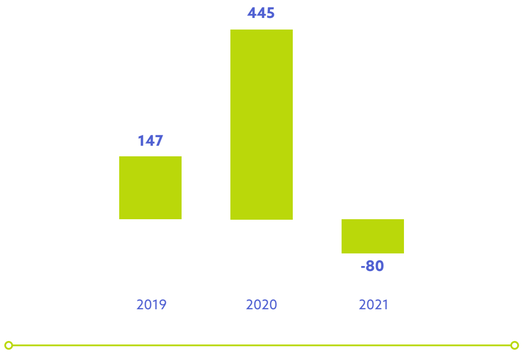
Operating Cash Flow Excluding Leases

(Millions of Euros)



FCF Before Dividends

(Millions of Euros)



Capital structure

At the end of 2021, Total Net Debt, including Leases and Long-Term Contracts (in accordance with IFRS16) amounted to 1,565.7 million euros. Total Financial Debt stood at 1,042.6 million euros, being offset by a position in Cash and Cash Equivalents in the Consolidated Balance Sheet of 10.9 million euros. Net Financial Debt thus amounted to 1,031.7 million euros. At the end of 2021, NOS still had 217.5 million euros in unissued commercial paper programmes.

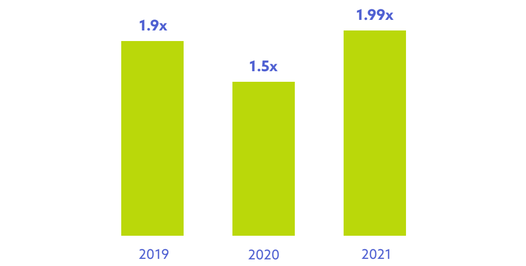
The all-in average cost of debt stood at 1.4% for 2021and the Net Financial Debt / EBITDA After Leases ratio stood at 1.99x at the end of the year. NOS' capital management strategy is to maintain a leverage ratio of around 2x Net Financial Debt / EBITDA After Leases, which represents a solid and conservative capital structure, in particular when compared to the sector.

The average debt maturity at the end of 2021 was 2.2 years, compared to 2.5 years in 2020. Considering loans issued at a fixed rate, interest rate hedging operations in force and the environment of negative interest rates, as of December 31st, 2021, all debt issued by NOS was remunerated at a fixed rate.

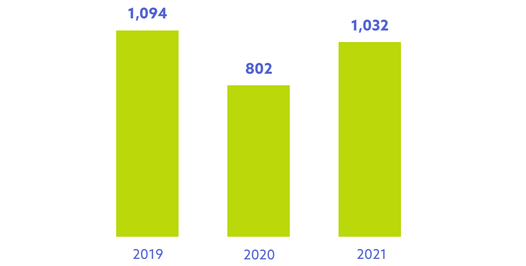
On June 2021, NOS secured loans linked with sustainability in the amount of 150 million euros, maturing in 2026, with Millennium bcp, BBVA and Banco BPI. With these transactions, NOS tangibly links a part of its debt cost with its sustainability

performance (Sustainability Linked Loans), strengthening and reflecting its strategic relevance and the commitment, at all levels of the Organization, to achieve best -in-class goals on ESG indicators (Environmental, Social and Governance). NOS' long--term credit rating was reaffirmed by S&P at BBB- (Stable Outlook) in April, and by Fitch at BBB (Stable Outlook) in August. The maintenance of its rating allows NOS to reinforce the conditions to continue to diversify its funding sources, expand the average maturity of its debt and maintain the already low average cost of its debt.

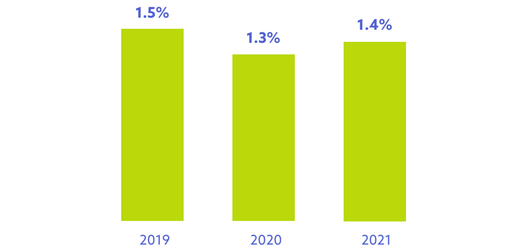
Net Financial Debt/EBITDA after Leasings
(x)



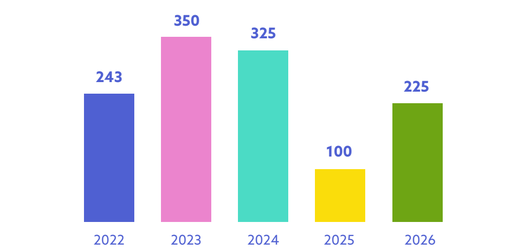
Net Financial Debt
(Millions of Euros)



Average Cost of Debt (%)



Debt Maturity Breakdown
(Millions of Euros)



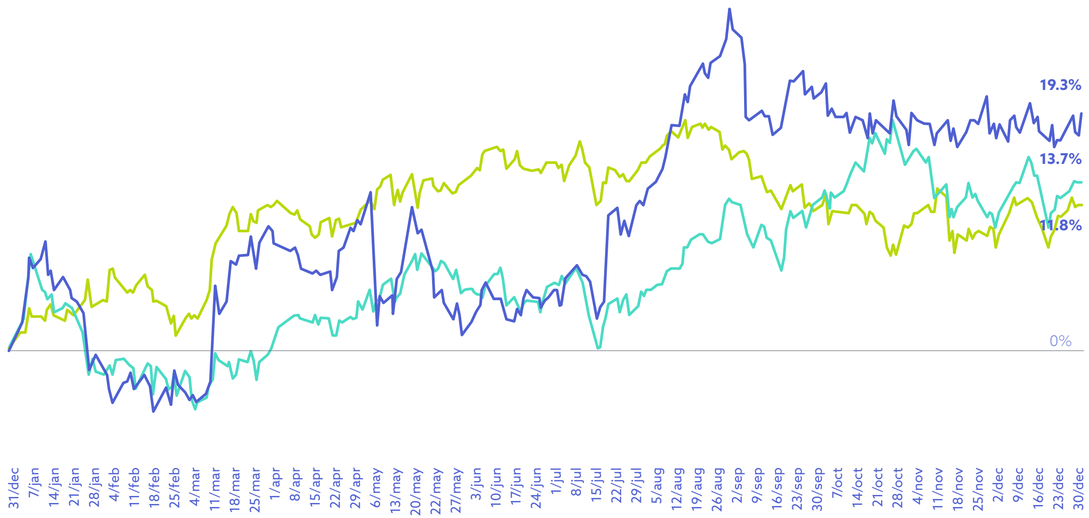
5.3.2 SHAREHOLDER RETURN

5.3.2.1 SHARE PERFORMANCE

NOS shares ended the year 2021 with an annual share price appreciation of 19.3%, which together with the dividends of 27.8 cents per share paid in May, resulted in a total shareholder return of 30.5 %, which compares with a simple average of 24.7% of the PSI20. NOS ended the year with a share price of €3.364, having reached a minimum value of €2.734 and a maximum of €3.672 throughout the year. Thus, as at 31st of December 2021, the market capitalization of NOS was €1,733 billion, representing an increase of €284.4 million, when compared to the close price on the 31st of December 2020. The market capitalization is calculated considering the 515,161,380 shares issued.

The evolution of the market performance of NOS shares against the PSI20 and Eurostoxx Telco Index during 2021 is shown in the following chart:

NOS Share Performance vs PSI20 and Eurostoxx Telco Index
(%, 2021) NOS PSI20 Eurostoxx Telco Index



Analyst Coverage

During 2021, NOS SGPS was covered by 17 analysts from different research teams. According to the latest research notes published by each analyst, 29% had a "BUY" recommendation, 53% had a "HOLD" recommendation and finally 18% had a "SELL" recommendation.

The simple average of the appreciation per share obtained by the various analysts who conduct financial analysis on the company, at the date of this report, was €3.71. Information on the analysts who follow NOS SGPS, as well as the respective appreciation recommendations and consensus estimates, can be consulted on our Investor Relations website at www.nos.pt/ir.

5.3.2.2 SHAREHOLDER REMUNERATION PROPOSAL

Considering that:

For the year ended December 31, 2021, a net profit for the year was determined in the separate accounts in the sum of 220,718,915.07 Euros, and that this amount results from the fact that the company, in accordance with applicable accounting standards, recognised in its accounts for the year, the sum of 1,289,558 Euros by way of directors' profit sharing, in keeping with article 14(3) of the articles for association.

It is proposed that the following resolution be passed:

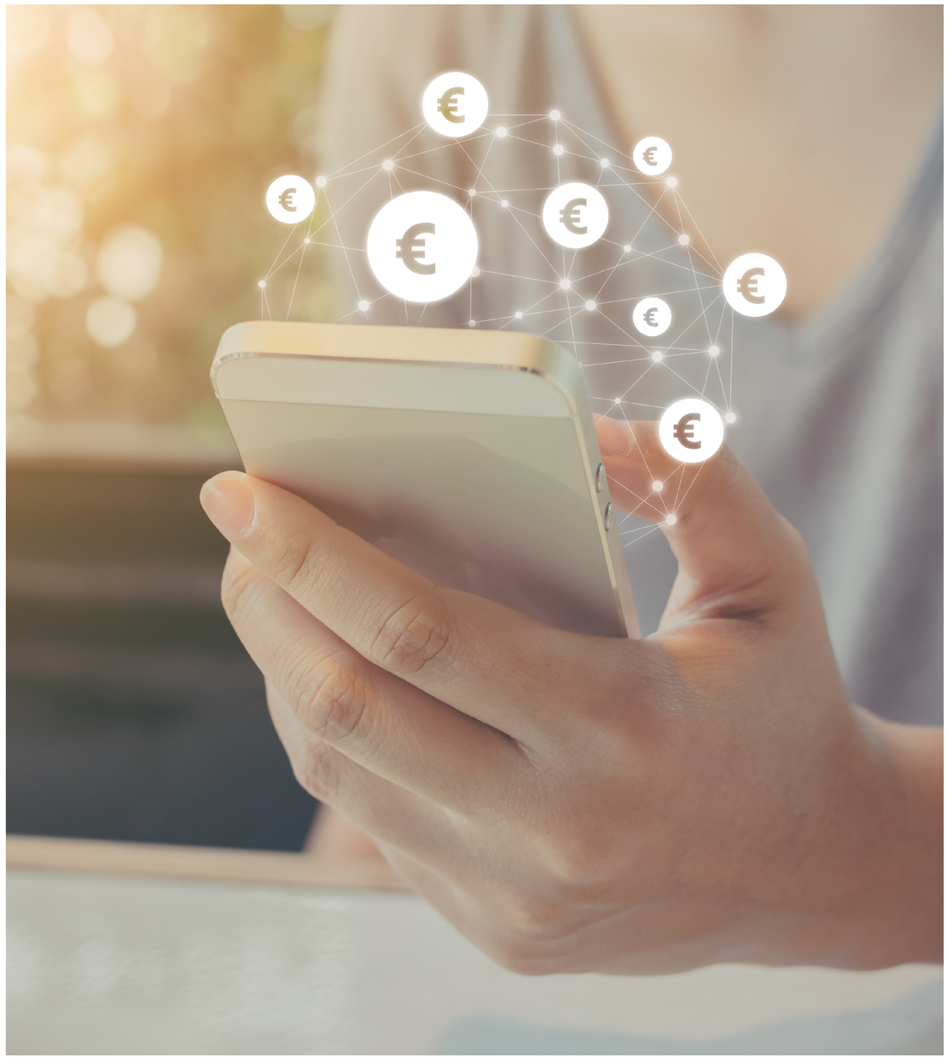
- Given the current financial and asset position of NOS, that the net profit distributable under articles 32 and 33 of the Companies Code, in the sum of 220,718,915.07 Euros, be paid to shareholders, by way of ordinary dividends for the 2021 financial year the amount of 143,214,863.64 Euros (corresponding to 0.278 Euros per share, in respect of the total number of shares issued) and transferred to Free Reserves the amount of 77,504,051.43 Euros;

- That, since it is not possible to accurately determine the number of treasury shares that will be held on the date of the payment mentioned above, the overall sum of 143,214,863.64 Euros mentioned in the preceding paragraph calculated on the basis of an amount per share issued (in this case, 0.278 Euros per share) be distributed by way of dividends as follows:

  — The unit amount of 0.278 Euros that presided over the drafting of this proposal be paid to each share issued;

  — The unit amount corresponding to those shares that on the first day of the payment period mentioned above belong to the Company, be transferred to Free Reserves.

- Under article 14(3) of the Company's Articles of Association and as profit sharing in the Company, it is proposed to resolve on the allocation of the amount of 1,289,558 Euros to the Directors, under the criterion established by the Board of Directors.



5.4 VALUE FOR CUSTOMERS AND FOR A MORE EVOLVED SOCIETY

We inspire a digital future at the service of our customers and society

5.4.1 NOS, AN INCREASINGLY STRONGER BRAND

Brand awareness is one of NOS' main assets and its performance simultaneously represents an unquestionable value for the Group, being the result of our institutional marketing strategy, but also a reflection of everything we do with our customers in mind and in favour of the information society.

NOS is one of the strongest brands in the country. Its awareness of almost 100% and its permanent place in the Top 10 brands with the greatest advertising recall, give it an invaluable visibility and presence in the daily lives of millions of Portuguese.

2021 represents the beginning of the 5G era and the NOS Brand was present from the very beginning

NOS' purpose of "Giving more life to life, by expanding all possible and imaginary connections" has taken on a new level of meaning with the arrival of 5G - a revolutionary new generation of mobile network capable of inaugurating a new society. A more connected, intelligent, and sustainable society, with NOS as the main driver of this profound transformation in the country.

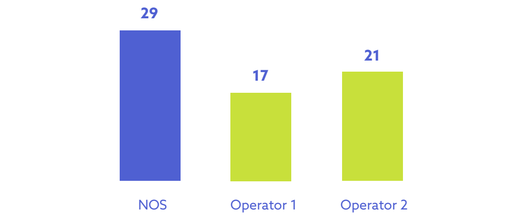
NOS' commitment to leading in 5G was reflected in and dominated the institutional promotion campaigns launched in 2021. Within the scope of these campaigns, even before 5G was available in the country, NOS demonstrated the power of this technology in transforming the most emblematic areas of society, being a pioneer in providing real cases that allowed testing and realizing that potential in the most varied contexts.

"It's time to do. To innovate. To transform. The ones that do, the world follows" and "The ones that do, do not do it alone" marked another campaign, which challenged companies, launching a challenge to innovation, transformation with 5G, and networking, to be able to go further in taking advantage of the technological potential opened up by this technology, in a clear analogy to NOS itself - leader in innovation and development in Portugal, and that is strongly committed to strategic partnerships to add value to its offer, providing companies with a network of international technological partners and an exclusive team entirely dedicated to digital transformation.

This effort and commitment by NOS made it the operator most associated with 5G. An excellent result that denotes the awareness and confidence in delivering this value proposition. A result that prepares the brand for the challenges of today and the future.

5G TOM Brand Association

(Source: EMIP, Week 01, 2022)



Technology at the service of society

With connections at the origin and purpose of NOS, and a mobile and fixed network essential to the country, supporting the most essential needs of the population – having internet at home and on the mobile phone so that life can take its course, despite the focus on demonstrating the potential of 5G, having dominated the year, within the scope and in addition to these campaigns, the brand continued to appeal to values it considers fundamental.

The human and emotional connections and inclusion were demonstrated in examples such as the 1st Place 5G, which through the power of 5G to bring people together, gave the children of the Benfica Foundation and the Paredes Football Schools the opportunity to experience the emotion of a football game as if they were in a stadium, even though they were hundreds of kilometres away. On the other hand, the importance of being present now, recognizing that, although we have our eyes set on the future, the value of NOS lies in its presence and response to day-to-day needs, was inherent to the campaigns.

The various campaigns and initiatives conducted during 2021 thus projected the reality of NOS and its brand, as a brand and a Company that provides an essential service and promotes development.

5.4.2. LEADING A WORLD OF NEW POSSIBILITIES WITH 5G

NOS leadership in 5G is one of the main goals of our development strategy and will be a key element in strengthening the connection with our customers, opening up new possibilities for innovation and enhancing our commitment to connectivity, translating into greater relevance for families, companies, and the country. We want to challenge and support society to evolve with 5G.

5G auction conclusion favorable to fulfill our strategic purpose

2021 marks the beginning of a new era for Portugal and for NOS after the conclusion of the 5G auction. After a long auction process, we fulfilled all the objectives we set ourselves and acquired the largest volume of spectrum, as much as possible according to the defined rules. This result provides us with unique conditions for the intended 5G leadership in Portugal and reinforces our commitment to innovation and the digital transformation of Portuguese society.

Offer adjusted to reflect the new dynamics

This leadership is also materialized by the fact that we were the first operator in Portugal to launch 5G commercial offers for its private and corporate customers, guaranteeing access to the state-of-the-art mobile network from the start and giving all customers the possibility to take part in the trial of this promising new technology. In this sense, we immediately launched the "5G Upgrade" so that all customers without exception could have free access to the network and without commitments, to all customers who activated the 5G Upgrade on the NOS App, during the initial trial period.

In order to increase the number of customers with 5G-ready mobile phones, we implemented multiple commercial dynamics throughout the year, expanding our portfolio of 5G-ready smartphones, covering various price ranges, and applying exclusive discounts and/or Enhanced value with free mobile data.
We also invested in the integration of 5G smartphones when attracting new customers for bundled services and mobile services, thus maximizing the number of people who can enjoy the benefits of this new technology.

To ensure access to roaming services, and even before the 5G service was made available in Portugal, tests were conducted with the most relevant operators to ensure the service outside Portugal, which was possible with dozens of operators. Immediately after the launch of the service in Portugal, it was also available to the customers of these operators.

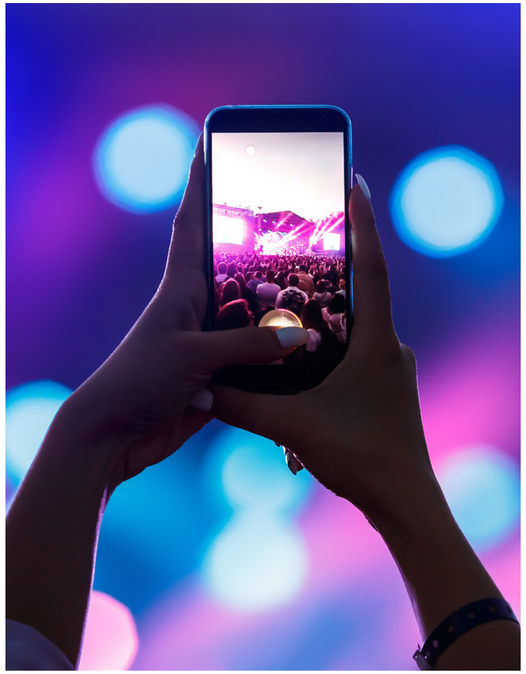
Breaking grounds with 5G

The importance of the Demonstration effect
The Fifth Generation of mobile communications (5G) has the potential to transform the way we live and organize ourselves, whether personally or professionally, and in the way we interact as a society and with the planet. Its characteristics of higher speed, lower latency, greater resiliency, allowing for a higher data flow, and greater connectivity, allowing the simultaneous connection of greater amounts of equipment, makes this technology an enhancer of all other emerging technologies such as artificial intelligence, the IoT, automation and robotics, digitization and Big Data, among others, and therefore assumes the role of central enabler for accelerating technological transformation and its potential to contribute to a more evolved and also more sustainable society.

It will not be long before the limiting factor is not what technology can do, but what people can do with it. In this sense, the company has invested heavily in demonstrating this potential, being a pioneer in providing use cases that allow testing and realizing this potential, challenging customers and society for new possibilities that represent improvements at the most various levels, from pure entertainment to simplification and automation of processes, including operational efficiency and eco-efficiency, among other countless possibilities.

Consumer segment
To demonstrate the potential of 5G in the Consumer segment, we partnered with several internationally renowned partners to bring exclusive entertainment experiences to the Portuguese market, providing premium access to their services through the redemption of vouchers in the NOS App. At Cloud Gaming, we have partnered with Blacknut, a subscription game streaming service that offers unlimited access to a catalogue of more than 500 multi-platform video games, designed for the whole family, on all devices and with the biggest titles of Disney, Gameloft, Star Wars, WRC, MotoGP, among many others.

In Virtual Reality, we have established a partnership with Melody VR, elected Apple's App of the Day and distinguished with the Google Play Best of 2019 award, which offers users unlimited live music, from the most intimate sessions to exclusive concerts and the best festivals, live or streaming.



In Augmented Reality we chose ClipDrop, an App that allows to create product images in a professional way without a photo studio. Using augmented reality and artificial intelligence, with this image tool the user can capture any object around them and use the photo with a professional quality for a presentation, social media post or online store product gallery. Still in Augmented Reality, we have a partnership with Leo AR an App that allows to create, edit, share, and discover videos where the real and most incredible fiction mix.

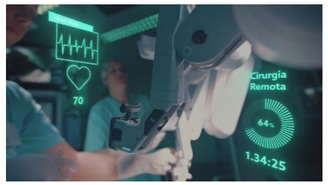
Corporate Segment
We believe that the ones that do, do not do it alone and that is why we have been creating a set of partnerships, stimulating a national ecosystem that involves companies, universities, integrators, consulting companies and start-ups. As an example, together with the VR/AR Association we launched the first national report of companies with projects and solutions based on immersive realities. It is as a result of this collaboration that we have been developing pioneering projects, but also creating the first disruptive offers, capable of maximizing the benefits of technology and taking them to the entire corporate market.

In this sense, we have already launched the first business offers, namely the Augmented Worker and Remote Support solutions, developed in partnership with the Portuguese start-up Glartek. These solutions take advantage of augmented reality, powered by an experience only possible with 5G, to optimize business processes, avoiding unnecessary travel, errors and stops.

To enhance the impacts of technology, boosting efficiency and competitiveness gains for companies, particularly in the industrial sector, we also entered into a partnership with the Kaizen Institute, to provide 5G digital innovation and consulting services in order to quantify the efficiency gains obtained on implementing projects and ensuring processes are tailored to capitalize on these same benefits.

In order to maintain a roadmap of constant innovation leveraged on 5G technology, we have also created multi-disciplinary squads. Adopting an Agile work methodology, these teams are developing new P&S with support for technologies such as Computer Vision, Augmented Reality or Virtual Reality to support our innovation roadmap in sectors such as industry, commerce, or end-consumer applications.

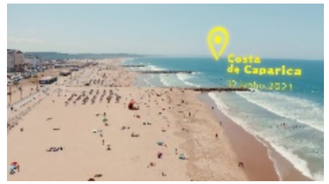
Society
We are also committed to materializing 5G and demonstrating all its potential to Portuguese society. Proof of this is the multiple 5G pioneering milestones we highlighted during 2021:



1st 5G Hospital
A pioneering partnership between Luz Saúde Group and NOS that shows the potential of 5G in a hospital context in transforming the health care delivery process based on connectivity and with the help of artificial intelligence. With the installation of multiple antennas covering core areas such as external appointments, operating rooms, the training centre and the auditorium, a remote operation simulation was conducted and remote training for doctors was demonstrated.

This partnership is the first step towards the hospitals of the future, leveraging technological advances in healthcare and medical research.

Doctors and patients will be able to be more connected, with faster and more informed diagnoses, with massive tensorization allowing permanent medical monitoring and more innovative medical research.



1st 5G Beach
At Costa da Caparica, in partnership with the Municipality of Almada, NOS installed the 5G network on 5 km of sand and demonstrated all the potential that the fifth mobile generation brings to coastal areas, where it was possible to observe the impact of this technology on the safety of swimmers in real time and in the control of environmental factors, thus making Tarquínio-Paraíso beach the first 5G beach in Portugal.

1st 5G school
A new reality in education materialized by NOS, which with the João Gonçalves Zarco Secondary School in Matosinhos and the technological partner Ericsson will make the future happen. NOS took the first step to make this school an example for the future of education in Portugal, which started here and is preparing to reach the whole country. It demonstrated how 5G will eliminate the distance between subjects and places of study, with an immersive and interactive visit to the Pavilhão do Conhecimento in Lisbon, without leaving the classroom. 5G allows for accessible education, the democratization of teaching methods and the dematerialization of resources, and above all, new and disruptive methods of teaching and acquiring knowledge, using virtual reality, augmented reality, from immersive teaching to 3D videos, passing through gamification and scale remote sensing.

1st 5G Port
In a partnership between NOS and APDL, the Port of Leixões is turning another page in the digital

transformation of national seaports, with the introduction of drones connected through 5G technology. This technology allows them to be manipulated completely remotely and in real time, transmitting high-definition images to the command-and-control room of the Port of Leixões. This is a technological solution that will play a leading role in this port, in terms of safety, costs, efficiency and predictability.

Drones help with the manoeuvres of ships carried out within the port, support the maintenance of infrastructure in inspection tasks usually carried out with cranes and infrequently, and support APDL in the security of the Port and in the management and coordination of resources.

1st 5G Factory
NOS and SUMOL+COMPAL presented the First 5G Factory in Portugal. Fully covered with the fifth generation of NOS mobile communications since March 2021, the SUMOL+COMPAL factory in Almeirim has since had 5G technological solutions capable of transforming and making the company's operations more efficient on a scale that has not yet been possible. In this SUMOL+COMPAL production unit, with an area of 70,000 m2 and where around 25 thousand tons of fruit are processed annually, the two companies are implementing two pioneering approaches, based on 5G. On the one hand, they will connect all the lines and obtain real-time information on the production process, and on the other hand, they will use augmented reality and apply it to the preventive maintenance operations of the machines in the Tetra Pak filling and packaging lines, which allows an optimization of inspection processes with a very significant potential for reducing rejects, also contributing to eco-efficiency in production.

1st 5G Stadium, Game and Seat
The Sport Lisboa e Benfica stadium was the first in Portugal prepared for 5G, in a partnership with NOS that brings more connectivity and speed to all the stadium's services.

Through 5G antennas on each roof of the venue, it is possible to reach internet speeds up to 10x faster, being able to exceed 1 Gbps with the Stadium at its maximum capacity. 5G technology will change the game, allowing the stadium's more than 65,000 fans to access real-time information, such as game statistics or replays, as well as send and receive videos almost instantly, and watch the games in a more immersive way.

The classic of the Portuguese League SL Benfica – – FC Porto was the first sporting event held on 5G, in Portugal. The television broadcast was made using four 5G mobile phones, two micro cameras and two professional cameras also equipped with 5G and showed what the future of broadcasting will look like, eliminating the use of technical resources, such as servers and connection and network cables, and enabling new imaging angles never before explored. This reality will be extended to all areas of the sport.

Children who have never been to Estádio Sport Lisboa e Benfica saw the Benfica-Marítimo match as if they were there. Using 5G technology and using virtual reality glasses, it was possible to reduce the more than 340 kilometres that separate Paredes from Lisboa, allowing to experience the game and interact with reality on the stands, in an immersive experience remarkably close to reality.

1st 5G Champion
With the José Alvalade Stadium already equipped with NOS' 5G technology, it was possible to transport team captain Sebastian Coates directly from the pitch to the TVI studios, where he spoke first-hand about winning the title. The player was seen in Augmented Reality by all the Portuguese who watched the broadcast, as if he were physically present in that space, thanks to NOS' 5G technology.

These initiatives have allowed us, and our customers, to test and envision the future and, through the launch of an institutional campaign with the motto "The ones that do, the world follows", to communicate the potential of technology to society in general.

5.4.3 OPTIMIZING VALUE CREATION THROUGH INNOVATION AND A DIVERSIFIED AND ECO-EFFICIENT OFFER FOR THE CONSUMER SEGMENT

We aim to provide our customers with products and services of excellence anchored in a strong commitment to innovation and digitalization of the offer, always oriented to the response to their needs, but also seeking to create a diversified and eco-efficient value proposition.

Innovation in the internet offer

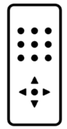
Super Pods awarded Product of the Year

The digital leap that took place with the pandemic has made the internet central in people's lives for connection to work, schools, shopping or even to maintain social contact. Aware of this new trend, NOS has focused on making the Internet the focus of its offer, converging on state-of-the-art solutions, and integrating the best equipment into its portfolio.

NOS was a pioneer in Portugal, in 2021, with the launch of the router with Wi-Fi 6 technology, allowing ultra-fast speeds and up to 100 simultaneous connections, responding to even the most demanding usage profiles. It also took a step forward in reaffirming the best Wi-Fi coverage solution on the market with the launch of the 'Super Pods', in partnership with Plume, confirming its commitment to providing the customer with the best equipment on the market for a better user experience of the internet at home. This equipment doubles the coverage and allow speeds of up to 500 Mbps.

Through the use of Adaptive Wi-Fi, with Artificial Intelligence algorithms to optimize network performance, the connection quality adapts to each device and the consumption patterns of each user. The "Super Pods" were named Product of the Year in the "Wi-Fi Signal Amplifiers" category.

Investment on the TV experience



New 100% recycled plastic remote control combines innovation and sustainability

The importance of entertainment and information was also enhanced by the pandemic, with 2021 being a year of investment in improving the television experience. It was the year of the integration of relevant streaming platforms (OTTs) at NOS, among which Amazon Prime Video and Netflix stand out. To simplify navigation, a new command was launched with direct access to OTT Apps, with better design and produced from 100% recycled plastic, combining product innovation with sustainable design. Netflix is now integrated into the UMA box and NOS Customers are now able to pay for the service on the NOS invoice, for greater simplicity and convenience.

App NOS awarded Product of the Year

Committed to continuing to provide its customers with the most advanced portfolio of products and services and the most innovative technological platforms, NOS launched the new NOS TV App, which has evolved from the previous version so that the consumption of content on screens alternative to that of television, including in the mobile context, is done in a simpler and more intuitive way. The NOS TV App was elected Product of the Year in the App TV category.

The launch of NOS TV+ allowed Customers to access the NOS TV App, on Apple TV or Android TV and other own equipment, amplifying the locations and devices where they have access to the NOS UMA ecosystem.

Diversity and complement of the offer

Having a diversified offer, with a distinct value proposition, adjusted to different targets, and complementing this proposal with the offer of complementary services or benefits that help to meet their interests and needs, is an investment that allows us to maintain the relevance to the customer, favouring him and our business.

In 2021, we launched the prepaid NOS Kids Tariff plan, which completes the NOS tariff range for this segment, which is so important for families, allowing the subscription of this service, regardless of preference regarding the payment model.

Additional information on NOS Kids may be found on the Safety in the Use of our Products and Services section.

First 100% digital telco in Portugal. WOO app elected Product of the Year 2021

WOO was born in 2020 as the first 100% digital telco in Portugal, with a pioneering value proposition aimed at addressing the digital adult segment and was elected Product of the Year 2021. Joining other offers for specific segments that already exist, such as the WTF, aimed at the Youth segment. Throughout 2021, WOO evolved, being now present in more points of sale and had its launch campaign based on the positioning of a simple, transparent and for everyone telco.

We thus continued to strengthen our offer in terms of our ability to meet audiences with various interests.

In general, during 2021, firm steps were taken in the delivery of advantages for being a NOS Customer and it was also a year rich in delight dynamics aimed at the Customer base, covering more innovative campaigns based on reference partnerships for the target, such as Prozis and Reebok, with exclusive benefits for WTF customers.

We thus combined technology-based innovation with the application of innovative relationship approaches that add complementary value, as is the case of the partnership with EDP. This partnership, in addition to granting immediate benefits to those who are

Customers of NOS Convergent Bundles and EDP Comercial Customers (up to 2% discount on Energy and the possibility of enjoying twice the mobile data of their communications ceiling), also contributes to the future of the planet, as it has indexed the supply of Green Electricity produced exclusively from renewable sources. The partnership can be activated in a fully digital way and has no impact on the Customer's loyalty period.

Grow in other services

2021 was a year rich in the growth of services, besides telecommunications, consolidating the diversification and complement of the offer with adjacent services and benefits, as an integral element of our development and value creation strategy.

[redacted]

Garantidos NOS combines offer diversification with circular economy

It is worth mentioning the investment in Insurance for Equipment and Accessories, providing a more robust value proposition when selling smartphones (more information on this new business area implemented in 2021 on "Protection of Customer Interests").

Also noteworthy is the launch of NOS Garantidos, the refurbished NOS smartphones associated with the launch of the Retomas, an initiative that will be better framed under the heading "Products and services with environmental and social benefits," which strengthened our commitment to sustainability, calling on business and customers to jointly participate in the circular economy, and generalizing technological access.

The sale of refurbished smartphones surpassed 2,000 units, since its launch on the first quarter of 2021 and until year end (representing 1% of total segment sales).

The Equipment business increased 5% in revenues in 2021, when compared to the same period of 2020, leveraged by 5G and as consequence of our focus and promotion of this technology, being reflected in several campaigns, in order to boost our customer base that are able to use this technology when available (additional information on these campaigns is available in item "Leading a world of new possibilities with 5G").

5.4.4 DRIVE THE DIGITAL TRANSFORMATION OF COMPANIES

NOS' value propositions for the corporate segment are based on a vast portfolio of Information Technology and Data Management solutions aimed at supporting customers' business continuity, ensuring their resilience, and strengthening their digital transformation process. We manage offers capable of sustaining our positioning, as the partner of choice for the digital transformation of Portuguese companies, leveraged on our technological assets, internal skills, and strategic partnerships with the world's largest players.

In 2021, we continued to pursue initiatives that strengthen our positioning with companies, whether they are large companies and public institutions or small and medium-sized companies. We continued with the work carried out last year, responding promptly to the needs of dematerializing services and changing the workplace to a remote and digital collaboration, and to the inevitable concerns about security, through projects and strategic partnerships, always with the aim of supporting and empower our customers' business, strengthening their digital transformation process.

The demand for tools and platforms to facilitate digital transformation processes continued, and the use of services and consumption of content via digital channels witnessed massive growth, supported by a migration to the cloud. This movement of digitization and migration to cloud projects brings new and increased cybersecurity and business continuity challenges. VPN, multi-factor authentication solutions and new perimeter security systems were the most sought-after offerings, along with secure storage sharing, cloud-based data recovery solutions, remote control, and monitoring.

In order to support municipalities and companies and positively influence the daily lives of the population, we launched an innovative analysis tool, "Analytics Pro," aimed at both companies and municipalities to analyse mobility dynamics, providing information on several variables, such as population counts, travel by hourly block, concentration of people by location, age groups or visitor density, among others. All information is aggregated and processed by NOS, allowing innovative approaches to territorial or business management, through an intuitive and interactive panel, always safeguarding the privacy of citizens.

In a partnership between NOS and Nova SBE, where technology was combined with scientific research, a Data Analytics project was also carried out, which collected data and analysed the mobility dynamics of the citizens of Lisbon and Cascais during the pandemic. This project made it possible to draw conclusions about the results of the measures adopted by the government and to contribute to the development of innovative approaches to territorial management, demonstrating the importance of Data Analytics solutions that allow companies to process information and obtain valuable insights.

Strategic partnerships that dynamize the offer

We invest in establishing strategic partnerships whenever relevant, aware that they take us further in maintaining excellence and in the ability to respond to the challenges and needs of the business fabric, constituting a relevant component of our approach to the market. In 2021 we registered some relevant developments in this area.

The growth in the business segment has an extremely important focus on the provision of services related to project consulting, being one of the potential aspects of the establishment of strategic partnerships. On this front, NOS has demonstrated that it meets all the requirements for people, expertise and support and that it is qualified to sell, install and support Cisco solutions in Portugal, achieving the Cisco Gold Partner certification (the highest level of partnership with the world leader in IT), giving a clear signal to its corporate customers of the advantages it can bring to their business. Within the scope of Cisco's Gold partnership, NOS has developed extensive knowledge in several topics such as corporate networks, collaboration, data centre and state-of-the-art IP network.

We joined forces with Microsoft to develop three dimensions of improvement in the working methods and ways of life supported by Microsoft technology: co-creation and shared innovation, particularly in 5G, development of a first cloud strategy and development of integrated solutions for the B2B market. As part of the partnership with Microsoft, and with the provision of Azure Stack Edge, NOS became the first entity in Portugal to provide Edge Computing from the 3 main cloud partners: AWS, Azure and Google. Azure Stack Edge, an edge computing appliance from Azure, brings the computing power and intelligence of Azure exactly where it is needed, whether it is a company's data centre, branch office or remote field asset.

Together with Sonae Financial Services, we launched "TPA Pro", an automatic payment terminal solution for receiving payments with all credit and debit cards. TPA Pro also offers solutions for scheduling customer visits or managing customer loyalty and payment plans – a true ally in the digital transformation of Portuguese businesses.

Cisco Gold Partner Certification. Expertise and support recognition.

The market and our partners acknowledge the value of our offer and approach to the corporate segment

NOS Customer Service in the corporate segment was once again one of the winners of the "Best Awards 2021", awards given by the APCC (Portuguese Association of Contact Centres), having won in the "Telecommunications" category the Gold Line 16100 award (Corporate service) Randstad | NOS.

Additionally, to being recognized as a Cisco Gold Partner, we were also distinguished with the "Rising Star Partner of the Year in Iberia" award, awarded by Amazon Web Services to partners that stand out for "exceptional performance and commitment to customers".

As a reflection of our status as a multinational wholesale operator, with the best quality standards in terms of availability and delivery of services to the telecommunications end customer, we also received once again the important recognition as "Zero Outage Supplier" by Deutsche Telekom, for southern Europe in 2021.

Also attesting to the competence of our approach to this segment, but also in the service to private customers, in 2021 we obtained recertification to the ISO 20000:2018 standard (Information Technology, Service Management), having been extended the scope to all customers and categories of corporate services, with the certifying entity not having identified any non-compliance.

A context in which the strengthening of our network of strategic partnerships has taken on a particularly relevant role, with the signing of various protocols and agreements with key players operating in the telecommunications and information technology ecosystem, is in the field of driving the application of 5G technology on the business context as illustrated in "Leading a world of new possibilities with 5G", including partners such as the Kaizen Institute or Amazon Web Services under the 5G Accelerator programme.

The logic of partnerships not only allows us to add value to our offer and thus to the customer companies, but also helps to dynamize the partner ecosystem, in a dynamic of mutual benefit. It also extends to the customers themselves in the search for innovative responses with a demonstration effect to other organizations and society, often encompassing solutions that benefit civil society.

Examples are the 5G technology initiatives mentioned above, such as Hospital da Luz Lisboa – 1st 5G Hospital. The partnerships established within the scope of smart cities and support for entrepreneurship are also highlighted, which are explored in the subchapter "Value for the Planet and Society".

Democratization in the corporate offer

Also, with the engagement of reputable partners, new voice service offerings were developed for the corporate market, to bring integrated services to small companies that were normally only accessible to medium and large companies. Significant improvements were also made to the Voice and Wi-Fi service for corporate customers.

New data centre in Madeira

Most efficient datacentre in Madeira. Adapted to support 5G technology and 28% more energy efficient.

In terms of technical infrastructure, the inauguration of a new data centre of NOS Madeira, an installation equipped with the most advanced technology, made it possible to strengthen support for the business, namely in the areas of Cloud and associated services in the Autonomous Region of Madeira.

The data centre is now better prepared to support state-of-the-art technologies, including 5G and its innovative features, using highly secure and more sustainable solutions. The duplication of network systems and the optimization of energy and cooling systems allow significant energy savings, making this structure 28% more efficient compared to the previous one.

5.4.5 PRODUCTS AND SERVICES WITH ENVIRONMENTAL AND SOCIAL BENEFITS

NOS is committed to providing its customers with a wide range of products and services that are more responsible from an environmental and social point of view, involving them and effectively contributing to the transformation of Portuguese society towards efficiency and carbon neutrality. Thus, in the same spirit that witnessed the establishment of the partnership with EDP, and in line with the centrality that sustainability assumes in our strategy, during 2021 there were numerous actions and developments in the B2C segment that contributed to our commitment of putting information and communication technology at the service of sustainability, of which we highlight:

Retomas – Smartphone Takeback Programme

After launching a programme for the sale of refurbished smartphones (NOS Garantidos), NOS started to offer customers the possibility of exchanging their old smartphone for a new one, thus launching the NOS Takeback programme. Customers have the possibility to deliver their old smartphone to a NOS store, receiving a voucher, which allows them to save up to €600 when buying a new one.

NOS also guarantees the reuse or recycling of used smartphones, according to their condition, helping to reduce waste and preserve the environment. This initiative is also available to non-customers.

Wi-Fi 6 Giga Router

At the launch of the new Giga Router, in addition to the innovation of Wi-Fi 6.0, components were added to the product with an environmental impact in mind, namely: the use of 100% recycled plastic throughout the Router's structure, an energy efficiency with 7x less consumption than the previous model and also the Target Wake Time function, with an efficient management of its operation.

UMA V2 Remote Control

This year was also marked by an evolution in the best box on the market, with a new remote control more adapted to current consumers. In making this new feature available, several sustainable aspects were addressed: throughout its structure, only 100% recycled plastic was used, as mentioned above, but also the packaging does not have any plastic component, this material having been replaced by recycled paper.

Self-installation of boxes and routers

After the enormous success of implementing self-installation in 2019, NOS continued to empower its customers to install both boxes and routers at their homes with complete autonomy and comfort.

As of December 2021, current NOS customers will be able to install equipment without having a technician visit their home, contributing to the reduction of CO_2 emissions. Thus, in 2021, more than 50 thousand NOS customers installed their TV and Net equipment completely autonomously.

NOS Garantidos Programme

At the beginning of 2021, NOS launched a new offer on the market allowing the purchase of refurbished smartphones, with an extended warranty, at extremely competitive prices and with the possibility of being purchased in instalments.

As part of a circular economy perspective, NOS Garantidos is a more sustainable option that reduces electronic pollution and promotes reuse. The refurbished smartphones available show minimal signs of use, having undergone a rigorous technical inspection and have the look and feel of new phones, with minimal signs of previous use.

This offer is also an opportunity to democratize access to technology, also allowing access to high-end smartphones to be increased to a part of the population that, for reasons of economic management, would not otherwise buy them.

WTF cards made from 100% recycled materials

Continuing to mark its pioneering spirit, NOS was the first telecommunications operator to provide the national market with 100% recycled SIM cards made from waste from the industrial production of packaging and printing material.

At the end of its life cycle, the plastic used to make the cards can be recycled and reused. The introduction of SIM cards from recycled materials started with the WTF brand, and NOS is currently extending this method to all new SIM cards, in an operation that will represent a decrease of 15 tons of plastic production in three years and will be another contribution to the circular economy.

Android TV Packaging

Besides innovating by providing its customers with the most advanced android box on the market, it has always done so with an environmental concern. All packaging was built with 100% recycled paper and coloured only with the information strictly necessary and using water-based inks, complying with eco-design guidelines.

Eco self-installation kits (boxes and routers)

Always with environmental concerns in mind, NOS redesigned the packaging of all its self-installation kits for boxes and routers, complying with eco-design guidelines. All packaging is made of 100% recycled paper and coloured only with the strictly necessary information using environmentally friendly water-based inks.

These initiatives are aligned with our 2021-2025 strategy, to explore, in a more effective way, the benefits that communication products and services may have in reducing customer, companies and society environmental impact at energy, water, materials and emission level (these and other aspects are detailed in item "We Generate Value for the Planet and for a more Sustainable Society"). Regarding social benefits, democratization of access to technologies and its potential regarding inclusion and protection of vulnerable population groups (elderly and physically disabled people) namely regarding enhancement of education and health capabilities.

5.4.6 SAFETY IN THE USE OF OUR PRODUCTS AND SERVICES

The increasing generalization of access to digital content entails potential security risks for our customers in general and for the most vulnerable groups in particular, such as children, and which it is important to safeguard on a proactive basis. In this sense, we have adopted several measures and adapted our offer to help families to be aware of these risks.

SECURE CONTENT ACCESS

Security is a relevant factor in the digital world, taking on particular relevance when it comes to controlling exposure to abusive content and illegal activities by vulnerable groups, such as children and young people. In this sense, because we are present in families' homes and because we are facilitators of the use of technology, we seek to provide tools that help parents to have greater comfort and confidence in managing the challenges posed by technology to the education and safety of children and teenagers.

NOS Safe Net

NOS Safe Net, which results from a partnership between NOS and F-Secure, an award-winning and benchmark company in Cybersecurity, is a service that we have been providing since the end of 2018, and which allows protecting the whole family and all devices from the dangers of the internet, by creating profiles for children, applying filters for harmful content, limiting the hours of use of games or social networks, and setting times to go to bed. All applications and browsing time are protected, which allows to freely explore the internet at all times, without fear, also allowing parents to manage the time their children spend in front of screens and the content they access.

Since the provision of this service to date, we have gradually taken steps to consolidate and massify the provision of this solution to our customers. In 2020, the NOS Safe NET App became available not only on Android, but also on iOS. This solution facilitates access to the online protection service at an extremely competitive price in the market, responding to the growing importance that the protection of personal data and digital assets of families assumes, namely with the acceleration of the increase in digital activity triggered by successive lockdowns that occurred in the context of the current pandemic.

NOS KIDS Upgrade

In this line, in 2018, we developed the NOS Kids tariff, a mobile service designed and adapted to the needs of the little ones and their parents, with the aim of providing children with an easy and safe access experience to the best content, with the guarantee of NOS Safe Net security.

In 2021, the NOS Kids value proposition evolved to offer more benefits to users and greater diversity in the payment model, extending to the possibility of a prepaid version (by top-ups), which is added to the existing postpaid option, integrated in the NOS telecommunications bundles. Security continues to be ensured, either by the limit of contacts (numbers) defined by parents (up to 20 contacts in communications made and received), or with the free license of the NOS Safe Net App, a solution that blocks unwanted content and websites and protects equipment from viruses, ensuring the safety of the child when using the internet.

Regardless of the solutions specifically designed for the most vulnerable audiences, security is a transversal element to digital systems, so all our products and services have intrinsic or actionable safeguards for safe use, from the boxes to Apps such as NOS TV or NOS Play, to mobile devices.

Through the boxes, there are several relevant features that also address this concern and that are available to NOS customers, namely channel and content blocking pin, rental pin, adult content filtering in the experience and the TV profile feature that allows creating a profile for each family member and associating a different pin to access it.

As we also provide the television service through mobile devices, namely PCs, tablets, and smartphones, via NOS TV and NOS Play, the scope extends beyond the box itself. In these devices, the form of content access control is ensured through a valid login in the Apps, which will correspond to a user registered in the NOS customer area (which will be the contract holder, or a user authorized by the holder).

With regard to the mobile product, we also provide some features that can help customers not to expose themselves to abusive content - value-added subscription services via SMS are blocked by default; access to other subscription services and data services is blocked upon customer request. Additionally, the customer can also block the making and/or reception of any calls or only international calls.

Technology at the service of security

In the corporate segment, we invested on offering a new solution that combines security with efficiency, signing a partnership with Lleida.Net to market Electronic Recording Delivery Systems (ERDS), "Registered SMS" and "Registered SMS Contract", which provide proof of legally valid delivery documents, thus increasing delivery speed, dematerializing administrative requirements, increasing operational efficiency, and reducing costs.

With this partnership, we became the first Portuguese operator to be included in the National Security Office's (GNS) National Trust List as a Delegated Registration Authority, recognition of our position as a benchmark and trusted operator for electronic transactions.

PROTECTION OF CUSTOMERS INTERESTS

At NOS, we are committed to delivering relevant products and services that respond to the increasingly digital needs of our customers and, for that, we have strengthened our portfolio with the provision of insurance through NOS – Mediação de Seguros, SA [dedicated to insurance distribution and brokerage]. With this, we also build a bridge between the Portuguese and a set of insurances from different areas and with a strong digital component, thus strengthening our positioning as a brand that invests in security, innovation, and customer experience, providing the right insurance, at the right time, in the right way and to the right customer.

To approach this new business, we decided to invest on three types of insurance given the needs of our customers. By analysing their habits, the type of products they buy and their lifestyle, we found that invoice protection, travel and used smartphones would be the most relevant insurances.

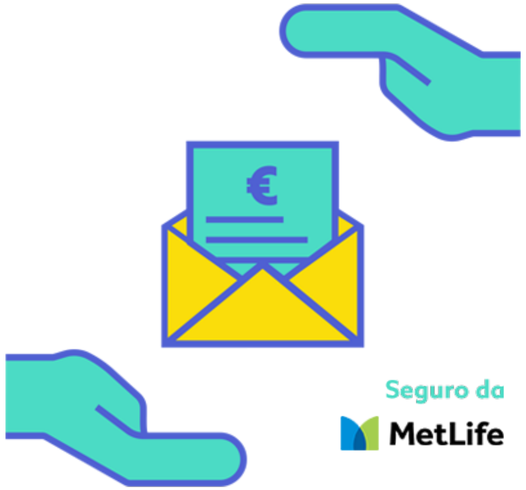
In the case of invoice insurance, the current context of uncertainty in terms of the economic life of Portuguese families, fuelled by the Covid-19 pandemic, was one of the criteria considered in the design of this category. This product is intended to guarantee payment of the telecommunications invoice in situations such as involuntary unemployment, temporary incapacity to work, hospitalization, disability, or death. The partner selected was MetLife.

Travel insurance is adapted to the current lifestyle, being an 100% digital insurance, both in the enrolment process and in management. Coverages, including situations related to Covid-19, were designed to allow customers to travel again with peace of mind and safety. The product is the result of a partnership with Fidelidade.

Finally, at the beginning of January 2022, we provided insurance for used smartphones, aiming to fill a gap in the market. It is an innovative solution, where we offer our customers the possibility of enrolling for damage and theft insurance, even for equipment used or purchased in other stores. For this launch, we established a partnership with one of the most relevant insurtechs on the market, Habit, which ensures integration with the different insurance companies and Allianz Partners.

All these insurances were intended to bring greater comfort and security to the use of NOS products and services, which are increasingly critical for daily life, protecting interests and creating a differentiating experience for our customers. Insurance can be purchased through the NOS App or in the vast majority of NOS stores and is conveniently charged on the telecommunications invoice.

This new business will help NOS to have an increasingly transversal and relevant presence in the daily life of the population, accompanying the Portuguese people in different areas and being by their side when they need it most.



5.4.7 SAFE ENTERTAINMENT, WITHOUT LOSING THE MAGIC

The entertainment area was not immune to the pandemic context, being largely affected by social isolation in 2020 and the initial phase of 2021. During the remainder of 2021, the exhibition activity continued conditioned by public health rules, but already in a recovery record. During these two years, all the activity was reconsidered with a reinforced focus on safety, convenience, and accessibility, in order to safeguard the magic and continue to provide moments of relaxation whenever and as conditions allowed.

The entertainment area had to adjust to the context of social isolation but managed to continue to provide a relevant service to customers and families, providing moments of relaxation and information that contribute to the maintenance of emotional balance, which is so important in a time of more limited experiences that society has faced, with an impact on this balance. We also maintained our support for Portuguese cinema and NOS Cinemas continued to promote social responsibility initiatives with its partners.

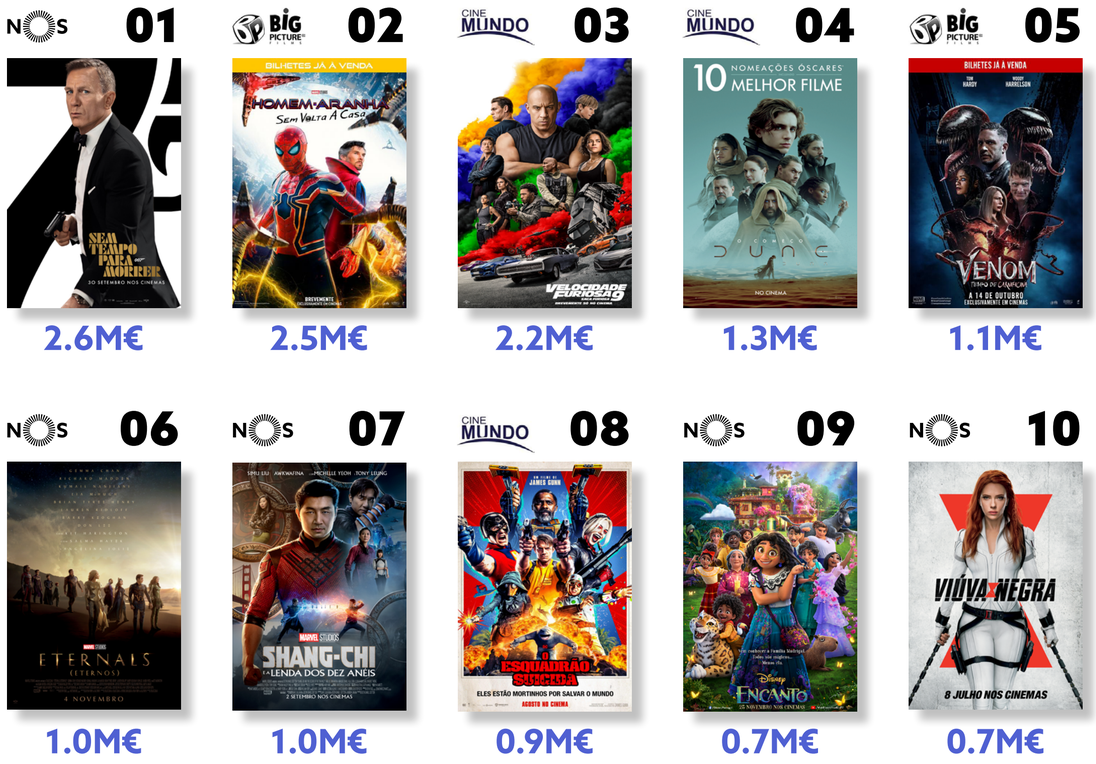
After the impact that the COVID-19 pandemic had in 2020 on the Media & Entertainment business, in particular the Film Distribution and Exhibition business with drops of approximately -75% YoY, 2021 was the year of the beginning of the recovery.

The pandemic continued to directly impact the business with a new lockdown at the beginning of 2021 – with the total closure of cinemas venues between January and April – and the maintenance of restrictions (hours, capacity, bar consumption), some of which lasted until the end of the year. The Cinema value chain also continues to reflect the impacts, still with several postponements and cancellations in the market –Top Gun Maverick, Mission Impossible 7, Minions 2 are some of the great films scheduled for 2021 and which were postponed to 2022.

Despite this difficult context, there was solid and continuous growth after the reopening of the venues in April, with the second half of 2021 generating 283% more gross revenues than the same period of 2020 and reaching -46% of the revenue of 2019. In total 2021, the market generated 30.6 million euros of gross revenue and brought 5.5 million viewers to the venues, growing 49% vs 2020 in gross revenues and 44% vs 2020 in viewers. NOS maintains its market leadership both in film exhibition, with a 65.0% market share in gross revenue, and in film distribution, with a 50.6% market share in gross revenue.

In 2021, a new return to cinema campaign was carried out, following the one in 2020 and because of the second closing of cinemas in the 1st quarter, under the motto "Go to the Cinema", promoted by the sector and with great engagement of all market stakeholders (GEDIPE/FEVIP/ICA/exhibitors and distributors), essentially below the line, on digital and social networks between May and August 2021, but also on the main Free-to-Air and Basic Pay TV channels, having as main targets families, teenagers and young adults. Due to its scope, this campaign kept cinema always present on all social networks and contributes to bringing consumers back to cinemas, this year with a more complete listing of films available in cinemas.

TOP 10 Films 2021 (Gross Revenue)



2.6M€ 2.5M€ 2.2M€ 1.3M€ 1.1M€

1.0M€ 1.0M€ 0.9M€ 0.7M€ 0.7M€

Source: ICA – national market – Gross box office revenue generated in 2021

FILM DISTRIBUTION

2021 was a year in which, once again, NOS film distribution stood out from the rest, having released 90 films, and maintaining a clear leadership in gross revenue market share with 50.6%.

NOS Audiovisuais, as the leader in film distribution, played a key role in bringing the magic of cinema to all market targets.

With great films for all audiences like 007 – No Time To Die, the premiere that marked the departure of Daniel Craig as "Bond, James Bond". A premiere with media coverage on a global scale, of a franchise that managed to stay current and bring new viewers to cinemas, making this film the most watched this year, with 2.6 million gross revenues, a performance in line with the previous films of the franchise (Spectre and Skyfall) even in a pandemic year.

The return of Marvel superheroes – Eternals and Shang-Chi with 1.0 million and 1.0 million in lifetime gross revenue, respectively – also had incredibly positive results and in line with their predecessors.

NOS Audiovisuais also ensured the best films for the whole family, with emphasis on Disney's Encanto (656 thousand euros in 2021/726 thousand euros in lifetime), Dogtanian and the Three Muskehounds (631 thousand euros) and PAW Patrol (534 thousand euros), 3 of the most watched animated films of the year. As well as content for younger targets such as The Conjuring: The Devil Made Me Do It, the most watched horror film of the year (482 thousand euros) and A Quiet Place 2 (333 thousand euros).

In 2021, NOS Audiovisuais managed to enter into an agreement with Netflix that will allow it to launch some of the main films produced by Netflix in Cinema. In 2021, 2 films were released in November and December, Red Notice (November 4) and Don't Look Up (December 8), both with solid results.

Support to portuguese cinema

In the Portuguese cinema scene, despite continuing in this difficult and uncertain context, NOS strengthened its commitment to national cinema, closing during this year several contracts for Portuguese films that we believe will be truly relevant both for the national cinematographic scene and for the consolidation of our position as the distributor of Portuguese cinema.

Furthermore, in partnership with the ICA – Instituto de Cinema e Audiovisual, we once again promoted the 6th edition of the "Encontro do Cinema Português", whose objective was to showcase cinematographic projects whose ambition is to reach the cinema venues and the promotion of the meeting of the several agents of the sector and that counted with the presence of Secretary of State for Cinema, Audiovisual and Media at the closing.

FILM EXHIBITION

During 2021, the Cinemas business in Portugal, as in the previous year, saw its market share increase both in terms of Gross Revenue (from 62.7% in 2020 to 65.0% in 2021) and in terms of tickets sold (from 61.2% in 2020 to 63.1% in 2021). This turned out to have a strong effect on global YoY revenues, but still fell short of pre-pandemic values.

The entire business was deeply affected by the pandemic, either by the impositions of total closure or by limitations on the sale of some products. However, efforts to rationalize resources and digitalize processes continued, with the second semester of activity having already shown strong positive trends in terms of results.

In terms of digitalization, it is worth noting the growing adherence of customers to digital interactions and transactions, with total sales on the App reaching 10% of total tickets sold (7% in 2020), and the total of digital channels (App+ Web+Kiosk+Self-vending) already representing 36% of total tickets (vs. 22% in 2020). Digital channels promote convenience and, in the current scenario, customer safety.

Within the rationalization of resources, we highlight the development of partnerships with the owners of the shopping centres where NOS Cinemas is present, in order to be able to incorporate the new reality brought about by the pandemic in the cost of spaces, namely through the incorporation of business risk sharing through the indexation of cost to revenue.

In addition to the cost of spaces mentioned above, NOS Cinemas maintained its effort to control costs, namely staff, cleaning, maintenance, energy, among others, in order to guarantee the viability of the operation without, however, jeopardizing the quality of the service offered to its customers.

Security measures continued to be an imperative, in line with what was defined in 2020 and adapted to the obligations that are being decreed by the government (which are time limited). All measures, continuous or circumstantial, are announced on our website and can be consulted by customers before visiting our venues.

The security measures that we have always maintained are:

- Distancing people, always keeping a chair gap between groups
- Ensuring everyone wears the mask during the time they are in our cinemas (including during the session)
- Introduction of lids to cover popcorn
- Greater hygiene of rooms (including between sessions) and common spaces

The effectiveness of the measures is attested by the trust seal of the ISQ (Institute of Welding and Quality) – "Safe Place, Covid Out", within the scope of the "Safe Places. Safe People" certification programme.

In terms of future business, NOS Cinemas has already started in 2021 the necessary work to reopen its space in Aveiro (Glicínias), in order to resume its activity in an area with high demand.

NOS Cinemas also continued to focus on its social responsibility, promoting various initiatives with its partners, of which we highlight the "Dimensão S" which aims to promote, among the younger audience, the importance of a healthy and balanced diet.

To culminate all this effort, and for the eighth consecutive year, NOS Cinemas was awarded the "Consumer's Choice" award, which demonstrates the recognition of customers of its strong commitment to providing the best possible experience and their satisfaction with the service provided.

Dimensão S: Healthy diet promotion initiative.

Consumer's Choice. NOS cinemas again recognized by consumers

FILM AND TELEVISION CHANNEL RIGHTS

The OTT ecosystem is growing significantly, and NOS follows market trends: in 2021 we launched the main streaming content services on UMA TV and UMA TV will continue to ensure competitiveness in TV with innovation in the delivery of relevant content and with the best experience.

At the beginning of the year, we made the Amazon Prime Video App available on UMA TV and, since July, the Netflix App has also been available, with 19% of UMA1 Customers having used the App since its launch. The launch campaign was also a success in terms of communication and awareness, allowing the association with the launch of Glória, the first Portuguese production of the streaming service.

The TVCine premium channels were strengthened with an on-demand service, TVCine+. Allowing access, in a simple and organized way, to hundreds of contents displayed on the 4 Channels (Top, Edition, Emotion and Action), with TVCine+ it is possible to watch the best content, at any time, at home and outside. Now, the latest movies and the most acclaimed series are available longer, for a longer period than the 7 days of automatic recordings.

In 2021, NOS' investment in strengthening the offer of Apps on UMA TV also included the launch of the RTP Play App, RTP's streaming service and exclusively launched the Homefitness App, a national App entirely dedicated to sports and health content, an issue which has gained particular relevance in recent times with the growing concern for well-being and the various limitations that the pandemic has brought to the practice of physical exercise. This investment has been paying off, with a monthly increase of 4% of users in the UMA TV2 Apps area, demonstrating a growing demand for non-linear content, with UMA TV playing a leading role in responding to this need.

In Sports, we reinforced our offer by revising the price of several Sport TV options, now having Sport TV HD as an entry level option; we launched the Sport TV 5 Days pass, which allows to subscribe to watch the main games for just €14.99; and we also launched several Pay-per-views to follow the Moto GP races during the 2021 season.

Strengthening the offer and content available for the Kids segment, the Cartoon Network Premium content pack was launched, a service that includes hundreds of content to watch in an on-demand format, for just €2.50/month. NOS has expanded its offer of high-definition channels, including the launch of children's channels: Canal Panda HD and Disney Channel HD.

In June 2021, on Children's Day, we launched Panda KIDS, a temporary channel aimed at children from 6 to 9 years old, full of fun and adventure and at Christmas the NOS Channel exclusively offered the favourite series of the little ones in Disney Channel 20th Anniversary Christmas Marathon. NOS Channel, in its aim to create special experiences for NOS customers, broadcasted the How I Met Your Mother Marathon by FOX Comedy at the beginning of the year, where customers exclusively followed the adventures of the most legendary group of friends on television.

The year 2021 is marked not only by the emergence and success of new formats, but also by new models for exploring the life cycle of content and its rights. NOS' activity reflected the dynamism of the industry and, realizing the importance of bringing the latest cinema news to consumers, it has been investing on the early release of films on the NOS Videoclube, making 007, Dune, Trolls, among others available for rental or purchase.

Fighting content fraud

Fraud of television content such as peer-to-peer sharing or the marketing and illegitimate access by streaming to linear and non-linear content and to real-time events, namely sports, has been putting pressure on the profitability of Pay-TV operators, of which NOS is part of, and are sometimes related to the provision of illegitimate content insofar as it does not respect property or related rights, or for other reasons. This is a sometimes-complex reality to unravel and consequently to act from a proactive point of view, so NOS has a dedicated Content Protection team.

[1] Cumulative until Nov'21
[2] Data from Mar'21 to Dec'21

Since 2015, NOS, as an Internet Service Provider (ISP) and member of APRITEL, has performed over 4,000 blocks per Domain Name Server (DNS) for copyright and related rights protection.

These blocks, supported by judicial or administrative orders, inhibit access to illegitimate content, such as movies and series, but also allow us to avoid sharing malware on the NOS network and on our customers' equipment, since illegal sites (streaming and online gambling) are one of the main tools for sharing viruses or malware.

Law on Monitoring, Control, Removal and Prevention of Access to Protected Content

On November 30, 2021, Law no. 82/2021, which approved the rules and procedures for monitoring, controlling, removing, and preventing access in a digital environment to content protected by copyright and related rights and created new obligations for intermediary providers of network services, of which NOS is part of, in identified cases of content or websites that violate these rights.

This law came into force on January 29, 2022, and a competent authority was appointed, the Inspectorate--General for Cultural Activities ("IGAC"), with the ability to initiate administrative and sanctioning proceedings, bringing a new dynamism to the number of situations detected and directed for clean-up.

5.4.8 CUSTOMER AND DIGITAL CENTRIC EXCELLENCE

We are connected to our customers and their needs. The evolution of customer experience with our products and services is fundamental to the success of our value proposition. This, as well as the evolution of our offer and operation, is based on experience and innovation, and privileges the digital as a form of interaction, always oriented towards simplification, excellence, and the response to these needs.

46%
total digital users within our customer base

74%
total customers with electronic invoice

Ensuring excellence in the customer's journey

In recent years we have been setting the path of digitalization, with the pandemic greatly accelerating this process and attesting to its added value. In this sense, in 2021, we continued to accelerate digitalization and robotization, continuing our Transformation Programme, launched four years ago, with the main objective of achieving excellence in the customer experience, based on increasingly digital interactions, and with that also making our processes more efficient.

We sought to design more personalized customer journeys, having as a starting point the listening of needs. We continued to enrich our analytical models that give us the ability to proactively improve the experience of using our services, identifying sources of potential problems, and recommending the best actions to solve them. We have also improved our reactive approach by applying Machine Learning to technical troubleshooting of customer issues, with a significant impact on first-time resolution rate and satisfaction. Furthermore, analytical tools and models and platforms were created, which allow us to identify the best proposal to offer our customers at any given time, seeking not only to capture value and improve the experience, but also to deepen our understanding of the different profiles of our customers.

In the field of Digital enablement, we continued to invest in our Digital Marketing technological stack, improving our web analytics capabilities, which allow for greater ease in customer identification and consequent content management and offer personalization which allows us to offer a more rich and tailored experience to our customers, and accelerate our digital sales growth.

We continued to develop and provide new features in the NOS App and Customer Area (e.g., activation of a tailored offer, benefits from partnerships and delights, Wi-Fi management, insurance management and equipment deliveries within 2 hours, among others), which will allow to our customers to digitally solve about 60% of the issues that today are dependent on an analogue interaction. We also did not forget to strengthen security by introducing an access token in the association of new services. In addition to the efficiencies captured with these new features, we guarantee a better, simpler customer experience, with greater autonomy and flexibility.

In the field of Efficiency, we scaled our Robotic Process Automation (RPA) programme to a more comprehensive concept of Automation, focused on capturing process inefficiencies and agnostic to technology. This change in approach has allowed us to increase our scope of action, including new use cases that allow us to speed up the average handling times of a wide range of processes, with a direct impact on the cost of back-office operations and a faster response to our customers.

NOS currently has more than 350 automatisms with a run time of 250,000 hours per year, which are the result of an automation practice that is completely rooted in the organization, and which has been considered a reference at a national and international level, and which resulted, in 2021, in the participation in several and recognized forums (e.g., IDC Directions 2021, UI Path CoE Summit, CBS Business Automation for the Future of Work: Success Stories)

2021 was thus a year that was characterized by the beginning of a new phase of Transformation at NOS, with the identification and development of technological and functional enablers that aim to materially impact the customer experience in 2022, strongly leveraged in an increasingly rich digital ecosystem from the point of view of features, and with profound changes in the operating model oriented towards new customer journeys.

The relevance of digital features for customers is reflected by their subscription and our continued push actions to the digital ecosystem have allowed us to significantly increase this user base, currently 46% of the total customer base. On the other hand, the electronic invoice is adopted by around 74% of the NOS customer base, and it is possible to consult it through all communication platforms with the customer.

Digitization of processes in NOS stores

Over the last few years, we have been working on digitizing processes in our stores with the aim of being more agile and efficient and improving our customer service and its security:

"Paper Less" Project

The "Paper Less" project, implemented in 2016, currently impacts 100% of exclusive NOS stores, owned and franchised. With the acquisition of hybrid computers in the stores, we digitized all the processes that were carried out on paper: (i) photography of customer documents; (ii) digitized signature; (iii) Emailing to the customer; (iv) automatic document upload; (v) compliance and legal issues; (vi) citizen card reader.

With this project, we were able to save around 9,700 reams of paper per year (4,9 million sheets) compared to the reference situation we had before its implementation, reducing our environmental footprint, and offering, at the same time, a faster, safer, and more technological service.

Digital Leaflets

In 2020 with the increased challenges due to the pandemic, we have also implemented "Digital Leaflets" in all stores in order to reduce the paper usage on the store and offer a more convenient and safer experience to the customer. By reading a QRCode, the customer will be able to access the NOS leaflets and offers in force on his mobile phone.

Digital tags

During 2019 we implemented the "Digital Tags" project. This project consisted of replacing paper price tags for digital e-paper tags on all equipment and accessories on display. In addition to the significant operational improvement of the store, through the automation of recurring tasks, we managed to reduce 1h30 of work per week in each store and saved about 10,000 sheets of paper per year in the current 40 stores, contributing, once again, to the reduction of the NOS footprint.

Queue Management System

In 2020, we invested in a latest version of the "Queue Management System", offering the customer the possibility of scheduling visits to stores and of being assigned tickets online as well as priority tickets for customers with special needs. In this way, we digitized the customer experience in the store, reduced the average waiting time and printed tickets on paper.

At the end of 2021, we had 106 stores with this feature available. In 2021, it was also established for all stores, the possibility for the customer to choose to receive a queue ticket on paper or via SMS, with the effective launch taking place in the first days of January 2022. Our objective is to reduce consumption of paper at stores and give the customer the option of being more ecological, if they opt for SMS.

Digitalization of contact centres

The fluctuation of the pandemic situation during 2020 led to several changes in the work models of Contact Centre employees. At the beginning of 2021, with the further worsening of the pandemic situation in Portugal, most employees returned to full-time remote work. In the middle of the year, and already with some progress in vaccination, a hybrid model of returning to the offices was started, always ensuring compliance with the safety rules defined by the DGS.

A new work model adapted to the new reality was developed, starting in January 2022, which assumed a remotization rate of around 34%. To ensure the sustainability of this new model, and to optimize the performance of employees, were adapted the recruitment and adaptation strategies to the new model, the adjustment of training models to the remote context, the redefinition of the monitoring and coaching model, identifying new dynamics of engagement.

The implementation of this new model assumes an advance in digitalization, so webcams and Microsoft Teams licenses were assigned to Contact Centre employees, in order to support the delivery of synchronous training and all the daily processes of communication and team management. In this context, it is always necessary to guarantee information security, so we have increased the capacity of the data centre to migrate the entire operation to a VDI environment, also allowing for greater reliability and performance, as well as a better user experience.

CUSTOMER SERVICE

In order to guide our performance towards our customers, our service model is based on guiding principles, such as "customer focus", "simplicity", "trust", "first time resolution" and an "Omnichannel".

Our partners who manage Contact Centres play an essential role in maintaining good relationships with our customers and ensuring a quality service. In this sense, since 2019 a service model for Contact Centre partners has been in place, which presupposes an effective reduction in the volume of interactions between our customers and partners, through the First-time resolution of any question or need, and awarding the non-repetition of customer contacts. This model increases customer satisfaction, with a faster and more appropriate response, and allows for an increase in operational response capacity. It also has a special focus on retaining human resources through their appreciation and satisfaction, based on digitalization processes.

As the recurrence of calls is one of the most critical aspects in the customer's relationship with the company, in addition to the partner service model mentioned above, we created a team to combat reoccurrences equipped with more developed communication skills, as well as tools and a distinctive operational model. This team promotes autonomy and close monitoring of the customer, guaranteeing a quick and effective resolution. Additionally, the predictive analytical model identifies the customers most likely to contact NOS, thus ensuring the assignment of

the most appropriate operator to solve the problem in question, increasing customer satisfaction and reducing the effort to deal with more complex issues, also reducing travel associated with visits to stores or technical visits.

In line with the Digital First mindset, a project was also launched in 2021of assisted digital education in the interactions of Consumer Customer Service managers with NOS customers, focused on supporting the use of the NOS App or Customer Area. In addition to familiarizing customers and teams with the features of digital channels, it also represents an opportunity to speed up the resolution of problems and increase customer autonomy.

Our efforts to ensure an adequate and efficient customer service in customer support has been consistently recognized by the APCC, where NOS' support lines stood out again in 2021 in the field of telecommunications with gold in the corporate line and silver on the consumer line.

Monitoring customer experience and satisfaction

Our activities and processes are planned to enable and ensure continuous improvement, the effectiveness of our system and customer satisfaction. The management of the processes associated with the supply of products and services has the ultimate objective of customer satisfaction, ensured by a management system, certified according to ISO 9001, as well as ISO 20000.

As the customer is the basis of the strategy, we continuously monitor the market, the needs, and the trends of preferences, through market studies of customers and consumers. This practice, combined with a strong commitment to innovation, allows us to develop measures and initiatives that anticipate their needs and contribute to their satisfaction. In turn, the recurrent assessment of the degree of satisfaction of our customers is one of the cornerstones of our positioning, being measured by different means and at different points in the value chain and in two perspectives - relationship and transactional.

Process management combined with product and services supply is ensured by a management system, certified according to ISO 9001, as well as ISO 20000.

Ous efforts to ensure an adequate and efficient customer service and support, have been consistently recognized by APCC, whereby NOS' customer support lines, stood out once again, in 2021, in the telecoms business, with gold and silver being awarded to the corporate and consumer lines, respectively.

In the relationship sphere

In the relationship sphere, we measure, throughout the value chain, the level of global customer satisfaction with the service provided through a semi-annual tracking study of satisfaction and recommendation, measuring industry benchmark indicators, namely the Net Promoter Score (NPS) and C -SAT, as well as the level of satisfaction with several factors relevant to each service, the interaction of factors with each other and their contribution to overall satisfaction. Based on the results, we defined strategic and tactical improvement actions, which are incorporated into the work plans of the business and operational units. In 2021, we continued the semi-annual tracking of satisfaction and recommendation exercise, generating a set of improvement initiatives based on the results obtained. We highlight the gains obtained with the changes introduced to the tracking of the most complex business segment – Corporate, allowing the generation of some particularly relevant insights

In the transactional sphere

In the transactional sphere, we measure the level of satisfaction associated with specific customer interaction journeys through our Voice of the Customer (VOC) programme, in which around 3 million customer satisfaction observations are made each year, with the aim of collecting feedback regarding service processes. We launch journey surveys on an ongoing basis for our customers in the private and corporate segments and systematically and systematically monitor satisfaction at the end of the main Customer journeys. The surveys cover the journeys of subscription, amendments to the contract and use of our TV, internet, and mobile services. We have thus achieved a comprehensive, regular, and systematic process of collecting customer feedback, which provides us with a more holistic view of their experience and relationship with NOS, and through which we are able to define actions for the continuous improvement of operations, ensuring the incorporation of the perspective of customers. In 2021, we continued the consolidation of our Voice of the Customer programme, namely due to the introduction of recurring surveys in the NOS App and the strengthening of the evaluation coverage of the main journeys of our customers. In particular, we highlight the introduction of a set of surveys that cover the main journeys of our corporate customers, typically more complex due to the specificity of the projects developed and the interlocutors involved.

FAIR AND TRANSPARENT RELATIONSHIPS WITH CUSTOMERS

Providing customers with complete, clear, and rigorous information, necessary for making an informed and enlightened decision and ensuring scrupulous compliance with the agreed conditions, as well as working every day to minimize and promptly respond to customer problems, are determining factors to guarantee their satisfaction according to the experience principles that we define.

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

We have implemented a set of measures to ensure that our customers are fully informed of their contractual rights, namely:

Simplified Information Sheet

In 2019, NOS, within the scope of a self-regulation initiative of electronic communications service providers adopted within APRITEL, anticipated the application of this legal requirement, providing its customers, effective and potential, with the Simplified Information Sheet (SIS), through which all relevant contractual information was shared in a simple and summarized way, in line with the spirit of the Summary Contract Model - the SIS was, meanwhile, replaced by the latter.

Summary Contract Model

Adoption of the Contract Summary Model which, in accordance with the European Electronic Communications Code (EECC). In addition to identifying the main elements of the electronic communications contract, the Summary Contract Model is easily understandable and allows for a better comparison of the services provided by different operators, making the contractual relationship with our customers increasingly clear and transparent.

Conditions for the Offer of Services

Also, to ensure greater clarity and transparency, during 2021, we adapted the general conditions of the service we provide, published on the main page of the NOS website ("Conditions for the Offer of Services"), as well as the specific conditions attached to the various types of contracts (consumer, corporate and islands), to the requirements of DL Law no. 32/2021 of May 27, which regulates the font size and minimum line spacing to be safeguarded in this type of document.

Information on contractual loyalty periods

We provide on our website, App and in the customer area information on contractual loyalty periods, associated charges, formula for calculating the amount to be paid in the event of early termination of the contract, as well as information on the qualification of extraordinary situations that allow customers to terminate the contract in advance.

Prior notice

Additionally, according to the general conditions of the service we provide, whenever there is a change in the conditions of provision of services, NOS must inform the customer with a prior notice of at least one month.

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

As mentioned above, a central aspect of our customer service model is the principle of “First time resolution” and we have made adaptations in order to increasingly approach this paradigm. The analysis of complaints, whether those addressed directly to NOS or those addressed through independent bodies such as the “Portal da Queixa” or Deco (the Portuguese Consumer Association), are the subject of reflection and definition of improvement plans, always aiming at excellence.

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

Accessibility for special situations

Connectivity is essential to prevent info-exclusion and social exclusion. Thus, we consider it essential to create solutions that provide our customers with special needs with mechanisms that allow accessibility to our products and services. It is in this sense that we work, continuously, in the development of solutions or initiatives, namely for people with hearing and visual disabilities.

Solutions for people with **HEARING DISABILITIES**:

- Support line for customers with hearing disabilities (12472), accessible through a video interpreter system.
- TV App for teletext subtitles, a free inclusive solution that allows access to subtitles in programmes broadcast, in real time, through synchronization with the channels' teletext service.
- DVDs with Portuguese subtitles and sign language.

Solutions for people with **VISUAL DISABILITIES:**

- Braille invoice
- Films available in the Videoclub and DVD's with audio description. In addition to the dialogues, the films included in this selection contain a voice-over that describes each scene in terms of scenarios, costumes, facial expressions, body language, character input and output, among other relevant information, allowing visually impaired people to have a richer and more complete experience when watching the film.

In 2020 we created solutions for other special situations, which are still in force, such as the early termination of the contract without associated costs, which cover the following duly proven situations:

- Disability of the service holder, equal to or greater than 60%;
- Bankruptcy;
- Social unemployment pension earned by the contract holder.

On our website it is specified what is necessary to do to request one of these solutions and the type of proof to be presented in each situation.

5.4.9 LEADING IN NEXT GENERATION NETWORKS

We continue to invest and innovate in next-generation networks and in the improvement and strengthening of infrastructure, reducing territorial asymmetries, and improving the quality of service, providing increasingly widespread access and state-of-the-art technology in Portugal.

WE PROVIDE AN INCREASINGLY CLOSER AND EFFICIENT MOBILE NETWORK

The year 2021 was marked by an unparalleled transformation in NOS' mobile network. NOS has intervened in its network in more than 2000 sites, reinforcing the mobile experience it delivers to its customers, while preparing and modernizing the network for 5G. This investment and improvement was recognized by several independent partners such as OOKLA®, which distinguished NOS in the second half of 2020 and first half of 2021 for the best mobile network coverage in Portugal.

A NOS tem a melhor cobertura de rede móvel em Portugal

Also, in terms of speed, incredibly significant improvements were made. The improvement in experience was not only noticed by our customers, but was also recognized by OOKLA®, with NOS being awarded the distinction of the fastest network in Portugal in the second half of 2021, with a score that significantly differentiates it from the other operators.

Speed Score™

https://www.speedtest.net/awards/portugal/2021/?award_type=carrier&time_period=q3-q4

Result of the structural work that has been done in the growth of the network and respective coverage, NOS currently has the best mobile network in Portugal, and other applications and crowdsourcing sources (QualRede – Deco) as well as campaigns carried out by UMLAUT/P3 were unanimous in recognizing, at the end of 2021, this superiority of the NOS network in the quality of voice and data service experience.

Leading mobile coverage

Our mobile site expansion plan continued in 2021, strengthening population coverage with 2G/4G in an increase of 1.6 pp, with a special focus on new dedicated coverages (e.g., Hospitals, public service areas, COVID testing areas, among others) that reached a record of integrations in 2021.

The generalization of 4G technology in all sites has improved coverage and speed and supports the migration to voice over 4G (VoLTE), which will allow for better voice quality and a better experience in the simultaneous use of voice and data. The rollout on all 4G sites (especially in the 800 MHz band) additionally improves coverage in buildings as well as ensuring superior NB-IoT (Internet of Things) coverage, enhancing the development of applications for families (e.g.: location sensors and alarms, etc.) and for companies (e.g.: meters and smart cities, etc.). It is also important to highlight the additional spectrum acquired in the auction in the 900 and 2100 bands which, in an initial phase, will serve to reinforce the experience (greater capacity and speed) in the 4G network.

Having won the 5G auction with the largest spectrum acquisition in the 5G auction among all operators, we are also in a privileged position to lead in 5G coverage. Despite the long auction process and the consequent delay in the allocation of frequencies, throughout the year we have been investing in 5G network coverage, having ensured a presence in all districts (including Azores/Madeira), and covering all district capitals as well as several urban and suburban areas. It is also important to highlight that high-speed coverage (>1 Gbps) was already available to more than 30% of the population, allowing, since the launch of the 5G network in November, to provide customers with a unique mobile experience, leveraging various applications, both in the context of personal communications and in the development of solutions for companies.

The network sharing programme is also a crucial element in guaranteeing increasingly better coverage rates and in a territorial cohesion logic, allowing for an increase in the number of stations and a reinforcement of coverage in areas outside urban centres, in a programme that will be developed until the end of 2023, with visible results in 2021 in several provinces such as Minho, Ribatejo, Estremadura and Algarve.

Better experience and mobile speed

2021 began again posing a huge challenge to mobile networks, with the widespread lockdown and remotization of education, companies and the state putting pressure on networks, particularly the mobile network, especially where it is used as the main access. Reinforcements were carried out in record time, in all sections of the network, with special emphasis on the access network, where temporary additional spectrum was activated to meet the needs of access and speed.

On May 2021, NOS increased the average speed of data download by 57% compared to the initial period of the year (February), as a result of additional 4G spectrum and its optimization. Over 2021, the increase in capacity was more than 30%, with average speeds increasing very significantly, and consequently reducing the number of exceptionally low data speed locations.

The widespread migration to voice over 4G (VoLTE) has allowed customers to experience the benefits of superior voice quality, near-instant call initiation and widespread use of simultaneous voice and data. Additionally, simultaneously with the introduction of 5G, a network optimization programme was carried out, where the main impacts are the reduction of dropped calls and increase in data speed.

At the end of 2021, NOS started a 5G network optimization programme launched at the end of November in order to guarantee the best 5G experience in Portugal, in line with the work carried out in 4G.

TECHNOLOGICAL EVOLUTION AT THE SERVICE OF THE NETWORK AND INFRASTRUCTURES

Innovation and technology are common denominators of our activity, with reflections on products and services, on our ecological and social footprint and on the quality of the network and infrastructure.

Evolution to 5G core stand-alone networks
NOS started a set of unique demonstration initiatives in various sectors where the main objective was to explore together with society and companies the benefits of the new 5G technology - 1st 5G School, 1st 5G Port, 1st 5G Hospital, 1st 5G Factory, 1st 5G Stadium. These initiatives were proof that in the most varied sectors 5G can and will transform the way we learn, study, work, live and even have fun. In these initiatives, more than the technology, it was important to develop new solutions that allow the exploration of new requirements, constituting, as far as the network is concerned, the basis of the challenge for 2022, which will focus on the evolution to Core Stand-Alone networks allowing to start the development of critical and very low latency services, the productization of MEC (Mobile Edge Computing) solutions for applications that require local/very low latency processing and other evolutions.

The same applies to participation in R&D projects. In 2021, NOS participated in several R&D projects in the areas of 5G/IoT/Analytics, developing in partnership with Companies, Universities, Institutes new concepts of services, solutions, or applications. It is worth mentioning the participation in the H2020 5G Mobix project with a focus on V2X in cross-border corridors (PT-ES) as support for future developments in the area of mobility, or the Link4S, an IoT go to market programme.

The rapid growth of the 5G network and the associated adaptations could be a factor in increasing the environmental impact, but through appropriate management options and taking advantage of the better energy performance usually associated with the latest technologies, it has been possible to ensure an environmentally favourable balance.

In 2021, and in the context of the development of the 5G network, new, more powerful equipment with lower energy consumption was incorporated, allowing for an increase in the 4G speeds available with less impact on the carbon footprint of the network..

Modernization of core platforms
The need to ensure the best mobile data service experience for our customers and to guarantee the capacity and resilience of the service, led NOS to evolve the architecture allowing the achievement of the best speeds, using an elastic virtualized architecture, that makes expanding network capacity more efficient and faster, being prepared for events where rapid network adjustment is required to ensure immediate capacity needs (e.g. remote work, remote school with connectivity in education for teachers and students). This architecture allows the provision of more demanding services in terms of latency to our customers, as it makes it possible to create dedicated Cores closer to the access.

The infrastructure that manages and authenticates the profiles of mobile customers has evolved into an architecture in which the processing of customer registration is carried out centrally, regardless of the type of access, with the main objectives of guaranteeing capacity for growth and even greater resilience and security in the registration and authentication of mobile customers.

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

Volte and wi-fi calling technology

VoLTE (Voice over LTE) technology improves Customers' voice and data service and is now available to 99% of NOS customers (private and corporate), as customers only need a 5G or 4G mobile phone to enjoy the service. With this technology, it is possible to improve the Customers' voice and data service experience. At the same time, NOS pioneered the introduction of Wi-Fi Calling, allowing high quality voice calls to be made in deep indoor conditions and diversifying the network access capacity. During 2021, NOS was the only operator in Portugal to offer its customers the possibility of using the Apple Watch Celular, having developed the Smart Number service.

OPTIMIZATION AND EXPANSION OF THE FIXED NETWORK

Over the last few years, NOS has invested in the expansion, optimization, and improvement of its network infrastructures, creating conditions for families to have access to the most advanced technology, and for companies to be prepared to respond to the challenges of digital transformation. In 2021, NOS maintained its commitment to reach more and more Portuguese people, combating territorial inequalities and promoting the socio-economic development of the regions.

In this sense, as part of its state-of-the-art network expansion plan, throughout the year NOS reinforced its Gigabit network coverage to 5.1 million homes by the end of 2021, of which 2.7 million were covered with optical fibre, 200 thousand more than in the previous year. In particular, in 2021, NOS' FttH coverage reached many new municipalities, such as Ponte de Lima, Mafra, Vila do Conde, Santa Maria da Feira, Marco de Canaveses and Sintra. With 2021 being the penultimate year of the contract for the development and sharing of the physical access network based on FttH technology, the objectives of the contract planned for this year were fully met, in line with the contractual terms in force and the exchange ratios foreseen.

In addition to this project to expand NOS' FttH network and prepare to upgrade the current HFC technology to FttH, more than 3,000 point-to-point dedicated lines were delivered via the corporate segment to connect

corporate networks, which required the construction and adaptation of our dark fibre network. Moreover, close to 800 new point-to-point connections were built to support the various NOS networks (mobile and physical), being the biggest contribution to the evolution of the mobile network backhaul, namely, to prepare the network to support 5G.

These network additions, which in turn resulted in more traffic in an aggregated way, and in the growth in traffic from the Internet use, producing a strong expansion of the aggregation network and backbone, supported by the IP network. Leveraged by this growth in traffic and the need to renew some DWDM transmission network equipment at the end of life, a great advance was made in the modernization project of this network, with the introduction of new optical and electrical modules, which allow the transport of services up to 400G per wavelength. We also evolved our perimeter security offer, with a new shared platform adjusted to the requirements we have received from the market. The offer now includes dedicated platform, virtualized platform, and multi-tenant platform solutions.

In line with market trends, scalable SDN-WAN solutions were also designed and implemented for corporate customers, allowing the creation of virtual private networks directly over the Internet. These solutions bring greater flexibility in the management of the network solution and greater automation in the provision and alteration of services.

Last but not least, 2021 was a year in which we took a big step forward in IPv6 support on our network. All network platforms currently support both protocols (IPv4 and IPv6), and the number of customer devices has been growing sustainably

Increase in datacentre capacity
In line with the growing importance of hybrid clouds in the strategy of corporate customers and with our IT strategy, we have been reviewing our offering in order to offer a true hybrid experience in a virtual private network environment. This approach effectively allows the various workloads to take advantage of a mixed and scalable environment, and growth can be achieved between different environments of the NOS infrastructure or between NOS environments and environments created in the main Public Cloud Providers.

In order to respond to market growth and our own needs, we started to increase the electrical and cooling capacity in our main data centres, in Lisbon and Riba d'Ave. The first became available during 2021, and the reinforcement in Riba d'Ave is expected to become available in the first months of 2022.

We also proceeded to the physical expansion of our Cloud platforms, existing in the various data centres, with the aggregate addition of processing capacity and information storage capacity.

Optimization of processes
In addition to the evolution of the offer, both in terms of communications and the Cloud/Data centre, during 2021 we continued to focus on the optimization, computerization, and digitization of critical processes, namely support for the delivery of network connectivity and the delivery of Data centre solutions.

Among the various initiatives launched, we highlight: (1) the evolution of our automatic provisioning solution based on the Cloud Bolt solution to a new version, already prepared for the automation of computing and network solutions activation in private environments and in Public Clouds; (2) the revision of the architecture (Cloud ready) of the platform to support the computerization of critical processes of the Management's activity, namely in the delivery of point-to-point circuits, management of addresses (with automated response to requests), installation of physical equipment in data centres and resource management.

A resilient and available system
The quality, availability, and resilience of the infrastructures and all the means inherent to the services we provide are essential foundations to ensure the excellence goals that we have established with our customers in mind.

We work continuously to improve our resources and response capacity. These actions also contribute to improving the capacity to support authorities and the general population in the event of unexpected or extreme events.

Service quality and reliability
During 2021, various network resilience mechanisms were improved and implemented to ensure that in the event of a failure, disturbance or external event, services continue to be provided to our customers with the desired levels of availability and quality.

With the actions developed through the implementation of new resilience solutions, it will be possible to eliminate some weaknesses of some critical services and improve the recovery times of some services in case of failure.

In this sense, we acted in several dimensions:

Energy

Maintenance requirements and criteria have progressively increased, so NOS has digitized the entire preventive maintenance process, allowing new checks to be quickly incorporated into maintenance processes, as well as ensuring a faster resolution of detected issues;

Two main data centres were equipped with state-of-the-art air-conditioning systems, reducing the consumption of one of the main components of a data centre, increasing the resilience of these rooms in extreme heat situations and improving efficiency (PUE – Power Usage Effectiveness);

Minimization of power failures in main technical rooms by developing more demanding maintenance criteria with the respective manufacturers, more adapted to the impact of climate change (More days of extreme heat and higher average temperatures);

Reinforcement and optimization of alarms and the status of technical services (Energy, air conditioning) to allow early detection of potential problems;

In view of the expected increases in energy costs and greater environmental concerns, energy efficiency gained more prominence in 2021:
- Microgeneration was implemented in a main data room, and studies and proofs of concept were conducted in technical facilities of varied sizes;
- The implementation of solutions to reduce consumption continued (containerization of corridors, room free cooling);

The modernization and replacement of end-of-life equipment was carried out by equipment with greater energy efficiency, such as the application of more efficient pumps with speed variation in the air conditioning systems in the largest data centre room.

Physical paths

Development of automatism for geographical comparison of overlapping paths;

We introduced improvements in the tools and processes for analysing physical paths, in order to ensure implementation and recovery in case of failure.

Proactive monitoring of non-conformities.

Service Platforms

We implemented geographic redundancy for non-linear TV platforms and contribution from the most relevant channels;

Revision of the interconnection architecture with the islands in order to guarantee mobile and fixed services in the Autonomous Regions Azores and Madeira.

The modernization of the 5G network translates into much greater spectral and energy efficiency and brought new power saving and energy management features that have been tested and have been progressively implemented.

The greater use of telecommunication services during the pandemic situation brought new challenges to the existing malfunctions detection and resolution processes. For this reason, actions were taken to improve the ability to detect and act preventively, avoiding interruptions in the access network. On the other hand, there was also an effort to reduce the down time in case of incidents:

- Following the introduction of the new alarm management system in 2020, a set of initiatives have been developed by the Network and Services Supervision area, together with the teams responsible for the services, in order to implement continuous improvement processes in the detection and review of malfunctions procedures to improve availability.

- Development of new automatisms, covering all fixed access networks (HFC and FttH) and mobile network. The incident recording and service verification activities that have been incorporated into the automatisms have substantially reduced malfunctions resolution times, improving the teams' capacity to manage malfunctions as they have a greater capacity to perform the tasks which require human intervention.

Response to emergency situations

Similar to what happened in 2020, during 2021 there continued to be an exceptional environment due to the pandemic situation, with moments of greater dependence on connectivity due to the measures that led to the permanence of customers at their homes, and consequently to an exponential increase in traffic during the day resulting from the change in the usage profile of customers, with the criteria for managing the available capacity of the fixed and mobile access networks being revised.

On the other hand, it has become increasingly critical to guarantee the availability and stability of services, because the requirements of customers have become different due to having to ensure, on a daily basis, that families have the necessary service requirements at their disposal for remote work and school. The measures that ensured that the services of institutional customers on the front line of the fight against the pandemic were considered a priority, were maintained and reinforced, such as hospitals, health centres, security, and civil protection forces, among others, both in the increase of capacity to meet their needs at any time, and in the support and maintenance of networks and associated systems.

During this period, attention was always paid to the safety of internal employees and their partners, even when models of phased return to the workplace were implemented, always bearing in mind the readiness of the response to the population to continuously provide the services defined as critical by the Government.

During 2021, we continued to respond effectively to alert requests to the population, using the mobile network, requested by the National Emergency and Civil Protection Authority (ANEPC), both for accident and catastrophe situations as well as for warnings regarding the epidemiological situation caused by COVID-19.

Since 2019, NOS has been under the Regulation on the security and integrity of electronic communications networks and services (SIRSCE), and in 2021 a biannual audit process was initiated by an external entity in order to assess the level of compliance to the aforementioned regulation, which establishes a set of security measures transversal to several domains such as: risk management and governance, human resources security, systems and infrastructure security, operational management, incident management, business continuity and monitoring.

5.5 WE GENERATE VALUE FOR OUR PEOPLE

The distance that has brought us together in these challenging times reveals our ability to generate mutual value and our investment in our employees

CONNECTED TO OUR PEOPLE AND TO THE CHALLENGES OF THE FUTURE

People management has always been at the top of the organization's priorities. The pandemic context that started in 2020 and continued throughout 2021 reinforced its importance by bringing unprecedented challenges and lasting impacts to the organization and society, strengthening the ambition to develop more flexible organizations, prepared for future adversities.

In 2021, we continue with our organizational transformation process, leveraged on a set of fundamental principles, resulting from the strategic reflection exercise carried out in 2020:

- be a **talent** platform, with the attitude and skills necessary to address present and future challenges;
- **agile**, to make it happen faster and more incisively;
- **digital centric**, in everything we do and deliver; customer, with a unique experience throughout the entire journey;
- **innovation**, which allows us to better serve the interests of our customers and employees and gain competitive advantage in the market.

This transformation process is based on an aspirational purpose that guides our performance as well as on a new organizational culture, disseminated throughout the organization, which sustains change.

In this sense, in 2021 the NOS values were defined, which translate the principles and attitude that we expect from our people and that we want to reflect in everything we do, in order to sustain the goals of growth and mutual generation of value that we intend to achieve.

More information about NOS' values in "Our Essence".

Thus, we started the evolution of the employee's journey in the organization, which has in the (new) digital experience a critical success factor.

Today, technology incorporates a prominent role in the management practices of our people, with a clear potential to be strengthened in the future, whether as a support for the evolution of work models, increasingly flexible and with a better balance between work and personal life; in work methodologies, increasingly agile; in talent development opportunities; in the reach and frequency of wellness initiatives; and in the efficiency of the operational performance of the teams.

The initiatives and dynamics created with employees, in 2021, resulted in levels of satisfaction and pride that validate the path we have followed together.

85%
Employee Pride Index with NOS

80%
General Employee Satisfaction Index

83%
Employee Ambition/ Effort Index to help NOS become the best company in the sector

OUR HUMAN CAPITAL

The diversity, talent and training of our workforce is what leads us to excellent results and the organizational success that we aim for. Thus, we are committed to developing initiatives that strengthen a diverse, stimulating, and innovative, balanced, and healthy environment, in order to enrich and create value in our activity and in our people.

OUR PEOPLE	2019	2020	2021
Total number of employees	1,909	1,899	**1,829**
Contract types (%)			
Employees with permanent contract	95.2%	95.6%	**99.1%**
Employees with fixed-term contract	4.8%	4.4%	**0.9%**
Diversity and inclusion			
Gender (nr. and %)			
Women	772 40%	770 41%	**748** **41%**
Men	1,137 60%	1,129 59%	**1,081** **59%**
Women in management positions	126 30%	127 31%	**126** **31%**
Age – % of employees per age group			
< 30 years old	10.4%	11.5%	**13.2%**
30 to 50 years old	79.4%	76.3%	**72.0%**
> 50 years old	10.3%	12.2%	**14.8%**
Inclusion (%)			
Employees with disabilities in the year (%)	1%	1%	**1%**

Given the strong technological inclination, with an operation with very technical areas linked to Engineering, NOS is particularly attentive to the representation of women in these areas.

With regard to gender diversity in the governance bodies, at the end of 2021, 5 women had a seat on the Board of Directors, representing 29% of the total number of Directors (17) and the Executive Committee had a woman in its composition, representing 14 %

of the total composition of this body (7 Executive Directors). Regarding the total number of management positions, women represent 31%.

Since 2017, 100% of our employees have been working full-time and, in 2021, around 99% have a permanent contract, and this percentage has always been predominant and has been rising in recent years, reflecting our commitment to sustainable employability policies.

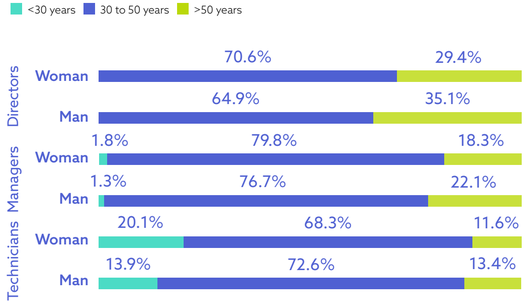
In terms of diversity and geographic distribution, the company's activity is totally focused on the national market and, as a result, most of our employees have Portuguese nationality, with 1% of other nationalities. We have a higher density of employees in Lisbon (68%) and Porto (27%) and the remaining 5% are spread across the autonomous regions and other locations. With regard to representation by business area, most of our employees (94%) work in the telecommunications business.

In 2021, in line with previous years, the proportion of employees under the age of 30 continued to increase, as a result of the focus on hiring young talent.

99%
Employees with permanent contract

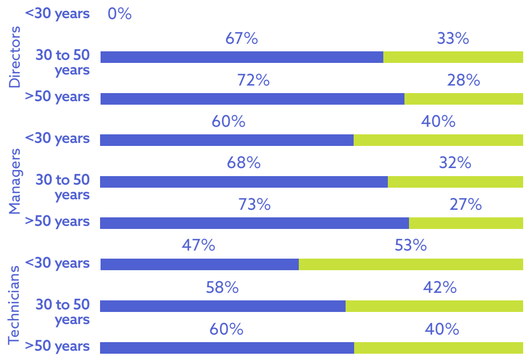
Distribution of employees by gender, functional group, and age group

(Focus on dispersion by age group, %)



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

(Focus on dispersion by gender, %) Man Woman



At NOS we not only recruit several young graduates every year to integrate different business areas, but we also provide professional internships, summer internships and curricular internships. In 2021, we promoted a total of 117 internships.

The structure of NOS employees by functional group presents the expected proportion, with technicians representing 78%, managers 19% and directors 3%.

The majority of our employees (more than three quarters) have higher education.

The number of employees with some type of disability has been stable over the last few years, around 1%, and it is expected that in the future, with the deepening of our commitment to diversity and inclusion, an evolution of these numbers occurs.

DIVERSITY AND INCLUSION

We promote diversity as a fundamental value, with a view to strengthening the ethical commitment to meritocracy, rigor and transparency in all internal processes and procedures.

More than ensuring equal opportunities for personal and professional development, we believe that diversity and inclusion positively impact the organization, both in results and in the well-being and satisfaction of our people, partners, and customers, helping to grow in innovation, creativity, teamwork, and predisposition to change.

2021 was a particularly active year for the successful implementation of this vision, with particular emphasis on:

- The creation of the Diversity and Inclusion Committee with the responsibility of monitoring, challenging, and improving the measures taken by NOS in this area;
- The development of the Statement of Commitment to Diversity and Inclusion, published in early 2022;
- The definition of a long-term goal - we assumed the goal of reaching 40% of women in leadership positions by 2030.

117
Internships

+75%
Employees with college education

40%
Women in management positions until 2030

Diversity and Inclusion Committee created in 2021

106%
Carreer Opportunity Index (women vs men)

Statement of Commitment to Diversity and Inclusion

It presents the company's guiding principles in this matter and reveals and details the main lines of action: (i) Diversity and Inclusion Mindset; (ii) Inclusive Leadership, and (iii) Diverse Talent Pool. At the same time, we are based on human resources models and policies that allow us to respond effectively to the principles and values that govern our performance - respect for diversity, individual rights and non-discrimination - and that value a balanced workforce, not only in terms of gender or age, but also in terms of origins, life experiences and ways of thinking.

It is with this combination and sharing that we contribute strongly to the creation of value, and to the composition of a strong NOS brand, based on our people.

The complete version of this statement is available on our institutional website.

2022 Gender Equality Plan

The Gender Equality Plan embodies NOS' commitment and objective in this matter, in safeguarding meritocracy in all forms and circumstances. The 2022 plan tangibly promotes the elimination of any type of discrimination based on gender, defining as priorities for the year in question:

- Promote the attraction and retention of women in technological areas
- Promoting the engagement and development of female internal talent, with a view to creating a transversal talent pipeline capable of feeding internal promotions.

A full version of this document is avaliable on our institutional website

Relevant initiatives in 2021 on diversity and inclusion

In line with the level of ambition and excellence that we aim to achieve in terms of the principles of equality, diversity, and inclusion, and at the same time contributing to SDGs 5 and 17, we carried out several initiatives during 2021. Below we highlight the most relevant.

Bloomberg Gender Equality Index
NOS was included for the first time in the Bloomberg Gender-Equality Index (GEI) 2022, a market capitalization-weighted index that aims to monitor the performance of listed companies committed to transparency in providing information on gender equality practices and policies. Among more than 400 companies from 45 countries and regions around the world evaluated, NOS was evaluated considering the balance between the quality and transparency of the information provided (Disclosure) and the excellence of performance (Data Excellence) in its practices.

Awareness of Diversity, Inclusion and Unconscious Bias for NOS Leaders
In order to raise awareness and challenge reflection on the subject, we invited our leaders to participate in a conversation about Diversity, Inclusion and Unconscious Bias, in a session that had around 350 participants. This was the first step towards the objective of training all NOS Leaders to manage Diversity in the teams.

PWIT Partnership
NOS has partnered with Portuguese Women in Tech, PWIT, through the second edition of its mentoring programme and the PWIT Awards, to promote the attraction of more women to the world of technology and to leadership positions.

"Let's talk about Diversity and Technology" e-Talk
We held an e-talk where we discussed the relevance of different teams for the development of technology, the challenges that companies and universities face to attract women to these areas and how NOS can be a differentiator in attracting and retaining technological profiles.

NOS Women Community
We launched the NOS Women Community, a employee network that promotes approximation, sharing and interactivity between NOS Women, through a space dedicated to the publication of articles, news, tips, suggestions and learning with the aim of contributing to engagement and development.

TALENT MANAGEMENT

Talent management is a critical success factor for the development and alignment of human capital with the Organization's strategy and values, so we continually ensure that our People Management policies reflect this alignment. In this way, in line with the transformation that NOS is undergoing and in order to foster greater alignment with the new NOS culture, in 2021 we began the design of a new Performance and Development Model, to be implemented in early 2022. The new model, which has two independent components that feed back into each other, Performance & Development, is being designed to allow greater value creation, focusing on more agile processes, with greater focus on the development of our people and teams, as well as greater and faster adjustment to new ways of working and collaborating among them.

Internal Mobility Programme
In 2021, we maintained the Internal Mobility Programme, a development programme for our employees, which aims to acquire transversal skills and also a broader knowledge of our business. Since the restructuring in 2019, we have already carried out more than 350 mobility actions. In 2021, the index stood at 7.3% of the organization.

	2019	2020	**2021**
Internal mobility, %	4.3	9.3	**7.3**

In terms of attraction and recruitment, the transformation that we are carrying out in the company leads us to recruit diversified profiles, adapted to the specific needs of our sector and our ambition. In this sense, in 2021 we maintained our programmes for capturing talent, investing in new skills, and reinforcing our young talent, with employees under 30 years old representing 63% of the year's admissions.

We identify potential
Through the "NOS Alfa" trainee programme, created in 2015, we seek to integrate the best talents in the academic areas of Engineering and Management into the company.

This programme with a total duration of 12 months aims at the development of trainees through rotation by two business areas, includes an extraordinarily strong mentoring and monitoring programme, combined with a specific and tailored training. Since its inception, a total of 206 candidates have joined the programme, with experience in several areas of the company, which has an average retention rate per programme of 85%.

The programme has evolved in line with the needs of the business and changes in the work environment. In 2019, as part of the commitment to technological transformation, we took advantage of the strength of the NOS Alfa corporate trainee programme, to launch the technological arm of the programme, called "Alfa tech", focusing on the areas of Advanced Analytics, Big Data, Cybersecurity, Software Development, System Engineering, Robotics, Multimedia, among others.

NOS Alfa numbers since the beginning of the programme

206
Participants

85%
Average retention per programme

4.7
Satisfaction

e-NPS
(scale from -100 to 100)
87*
* corresponds to extraordinary

NOS Alfa
Juntos, no princípio de tudo

"NOS Alfa tech"

Technological branch of the new talent recruitment programme NOS Alfa. This programme created opportunities in recent technologies such as Advanced Analytics, Big Data, Cybersecurity, Software Development, System Engineering, Robotics, Multimedia, among others.

In 2021, as a result of the context and success of the previous edition, we maintained the basic components of onboarding (welcome session, team building and presentation of business units).

However, this was based on a hybrid hosting model (composed of 2 days of face-to-face welcoming and the rest in remote context, with live streaming), ensuring the necessary measures for the protection of trainees and guaranteeing that the hosting objectives would be achieved.

At the end of the welcoming session, the trainees evaluated the NOS Alfa programme in an extraordinary way with an e-NPS of 87 (on a scale ranging from -100 to 100). The overall feedback on the onboarding week was quite positive (4.7 in one scale from 1 to 5), with an almost maximum rating of the organizational capacity (4,9 out of 5). We therefore intend to continue to be a reference in attracting young graduates, attracting talents aligned with a culture and values of excellence and innovation.

24,793
Training hours

90.5%
Of the organization comprises training hours

NOS CAMPUS

NOS CAMPUS is a space for sharing and transferring knowledge among all professionals, and for developing their potential and talent. As a technology-based company, preparing our people for the challenges of the future is crucial and a priority in our development strategy. Training is an essential element in this process.

NOS CAMPUS

During 2021, over half of our work force (51%) in critical business areas (technology, product and marketing) had solid training in at least one of the present and future business critical competences axes (Analytics, Cloud, Network, Cybersecurity, Programming, 5G, Digital and Agile).

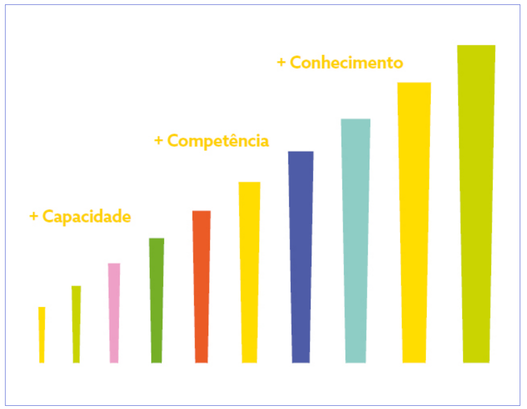
During the year, 344 training actions were carried out, totalling 24,793 hours of training, mostly online (91%), which covered 90.5% of the organization.

In 2021, NOS CAMPUS mainly focused on three fronts:

- In Technological Training, specifically in 5G, Cloud and Networks. With the arrival of 5G, it is essential to have our teams trained in this technology and a large investment was made in this training, along with the Cloud, which is increasingly presented as an unavoidable paradigm in the business. The Networks, in turn, support the operation of NOS, and it is essential to ensure that we always have cutting-edge knowledge on this topic;
- In Digital Transformation, with training in the areas of digital marketing, digital product, and digital experience;
- In Agile Methodology, not only in the immersion of the main stakeholders, leaders, and team members, to ensure the transversal alignment of the organization, but also in the training of the various roles and practices inherent to the methodology.

Throughout 2021, the training offer at NOS CAMPUS was completely redesigned.

In 2022, a new catalogue will be launched, based on a platform with a substantially improved experience, which, in addition to reinforcing the topics that were the subject of training this year, will also invest heavily in training in Data, Leadership and Management.



REMUNERATION AND BENEFITS

Our remuneration and benefits policy is governed by a set of principles aligned with the best national and international practices, we are aware that an attractive policy in this area is one of the elements that actively contributes to the retention of talent.

The remuneration package is based on components of base remuneration and variable remuneration, with differentiated attribution by organizational group, according to the policy in force in the company.

Knowing the importance that the remuneration and benefits policy represents in attracting and retaining talent, we add to the remuneration package, a set of benefits, programmes and initiatives geared to the needs of different work generations.

In 2021, we continued working remotely based on the context. When restrictions allowed, our people returned to the office in a hybrid model, scheduling the working days in the office at their will, through an application that allows us to predict and limit the occupancy rate of different buildings.

In addition to flexible entry and exit times, initiatives are promoted to improve the balance between the professional and personal lives of our employees, such as the possibility of accessing discounts on various activities through partnerships in health and well-being, culture, sport and leisure, tourism, catering, or purchasing used vehicles with special conditions.

The holidays and day off policy in effect provides for the day off on the birthday, day off in the morning of the first day of the new school cycle for employees with dependents under the age of 15, the full day of the 24th of December and the afternoon of the 31st of December and, in addition, benefits such as life insurance, health insurance, personal accident insurance and meal card are granted.

In order to guarantee the mobility and flexibility of the daily work practices of our employees, we ensure that everyone has access to smartphones, portable computers, videoconferencing systems and VPN systems. In 2021, we continued to reinforce the mobile data package for employees to meet the demands of remote work.

Remuneration Policy - Principles

Equality
Ensure internal equality principles that support the integration in a unique culture.

Balance
Ensure the balance between the fixed and variable components of the remuneration structure.

Simplicity
Simplified remuneration structure, ensuring clarity in communication and employee understanding.

Flexibility
Ensure, within the set rules, treatment flexibility of different situations.

Performance
Ensure the connection between compensation and the short and long term individual and company performance.

Competitiveness
Ensure the necessary competitiveness levels to atract and retain talent.

SAFETY, HEALTH AND WELL-BEING

The commitment to position NOS as the best company to work for reflects our concern to ensure that our employees, suppliers, and partners carry out their activities in a safe and balanced work environment, which prevents occupational diseases and the occurrence of incidents, and promotes emotional well-being.

Occupational Health and Safety Management

NOS Comunicações has, since 2015, an Occupational Health and Safety Management System (OHS) implemented and certified, in accordance with the ISO 45001 standard, which essentially covers the Products and Services of the Corporate market segment, although we have good OHS practices implemented across the company. This certification demonstrates our commitment and endeavour to complying with legal and other applicable requirements, ensuring the systematic and comprehensive implementation of best practices and processes, in a logic of risk minimization and continuous improvement of OSH behaviours and conditions inherent to our activities and infrastructure.

Thus, regardless of the scope of the certification, this approach is reflected throughout the organization, including our people and also the employees of partners, when they carry out work in our facilities or facilities occupied and/or managed by us.

Through the annual mapping exercise of the main OSH hazards and risks, it was possible to identify the psychosocial, ergonomic, physical, mechanical, electrical risks and those associated with missions as the main categories of risks, for which an action plan was defined which is aligned with our OSH Management System, where several initiatives are established, namely an audit programme conducted by accredited external entities.

We also deepened our action plan related to the Personal Protective Equipment (PPE) of employees for ergonomic, physical, mechanical, and electrical risks. In this context, we carried out work to identify high-risk activities, involving visits to infrastructure and activities on the ground, also supported by a hazard identification and risk assessment matrix specifically for this purpose.

In 2021, we reinforced the training of leaders in the areas and employees exposed to these risks and developed a new process which allows us to control and identify needs of purchase and allocation to employees of PPE appropriate to the risks to which they are exposed.

ISO 45001
Occupational Health and Safety Management System Certification

88%
Completion rate on Physical Security training for new employees

Since 2020, employees can carry out, in an easier and more comfortable way, Occupational Health exams and appointments in the three main buildings of NOS (Campo Grande, Expo and NorteShopping Buildings).

Training is one of the important pillars in the prevention of risky behaviour and in the management of occupational safety and health, so we provide e-learning training for new employees, so that they know how to act in prevention and emergency situations in our buildings. In 2021, this training reached a completion rate of 88%.

Focus on the promotion of well-being

Focused on the prevention of psychosocial risks, and on the well-being of our people, we have a Health and Well-being Programme that is based on three axes of action: (i) Mental/emotional well-being; (ii) Balance between personal and professional life; and (iii) Social Welfare, under which we provide our employees with a set of initiatives.

Knowing the risks and emotional, mental, and physical state of our People is essential to ensure that the health and well-being programme operates in a robust and impactful way.

Thus, we carried out two listening initiatives with them, with methodologies adjusted to two different action fronts: (i) "act immediately", diagnose critical cases for follow-up and immediate action; (ii) "acting in depth", identifying more systemic dimensions of intervention, with a view to designing a set of initiatives suited to the needs encountered.

Proximity to employees continued to be a focus on all action fronts, not forgetting their personal and professional life management dimensions. Under the motto "Taking care of you is taking care of us", various Wellbeing and Workplace initiatives were promoted during 2021, of which we highlight the most relevant:

Webinares promotores de literacia para a saúde
Disponibilizámos também aos nossos colaboradores uma série de webinars promotores de literacia para a saúde, realizados por diferentes especialistas. As sessões online, abordaram temas diversos e relevantes para o equilíbrio e o bem-estar como "O *burnout* e a saúde mental", "Movimento em teletrabalho" ou "Comer e mover melhor".

Online health and well-being classes
For the benefit of balance, health, and physical and emotional well-being, we offer, over 4 weeks, online classes in Mindfulness, Zumba, Yoga and Circuit Training to include body and mind training in our people's routine.

Wellbeing Community
We created the Wellbeing Community, a community that translates the possibility of bringing together our people with the same interests, vitality, curiosity, generosity, and willingness to share ideas, experiences, suggestions, inspirations, among other content on Wellbeing.

Cuidar de ti
é cuidar de nós

74.6%
of NOS employees participated in the psychosocial risk assessment

40%
of employees participated in online classes

70%
of employees participated in Specialty Conversation Webinars

REORGANIZATIONS

Motivated by the broadly dynamic nature of our sector, we have implemented at NOS a set of practices and policies that have allowed us to respond effectively and quickly to the need to reorganize the company (such as the need to attract/turnover talent motivated by the demand of new skills to respond to the challenges arising from technological and market developments).

Our approach is concerned with not only maximizing the ability to respond to challenges from the collective point of view, but also addressing individual needs and interests, placing our people in an environment of positive change and personal and professional growth.

This attitude leads us to constantly promote, in a sustained and responsible manner, internal mobility processes (and the respective follow-up of the change), reskilling and upskilling initiatives, as well as attractive exit conditions, seeking to reduce the impacts of organizational restructuring. In 2021, despite the impact of the context on business results, the company did not resort to measures such as collective dismissals and layoffs.

5.6 WE GENERATE VALUE FOR BUSINESS PARTNERS

We dynamize an ecosystem of suppliers and partners, bearing in mind that only by growing together are we stronger

SUPPLY CHAIN

A supply chain that helps boost the national economy.

In 2021, we had more than 6,000 suppliers, with the value of purchases slightly above 1,515 million euros, of which 87.6% refer to transactions with national suppliers.

Our activity, and in particular the telecommunications business, the segment with the greatest weight in payments to suppliers (90% in 2021), thus helps to boost a considerable network of suppliers/partners and, with the majority of supplies being mostly national, generates a considerable positive boost to the local economy.

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

ETHICAL AND RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN

Our Suppliers and Business Partners are an integral part of our value chain and, consequently, a key element in ensuring the quality of the products and services that we develop and market, also influencing our economic, social, and environmental impact and performance.

In order to promote the alignment of our partners and suppliers with NOS' quality and sustainability standards, and to minimize the impacts of our activities, today and in the future, we have developed a set of principles and policies that serve as the basis for both our performance towards them, as of them towards NOS.

These principles and guidelines are formalized and communicated through two fundamental documents: (i) NOS Code of Ethics – short version for Suppliers and Partners and (ii) Sustainability Requirements for Suppliers and Partners.

NOS Code of Ethics - short version for Suppliers and Partners

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

Additional information on the Code of Ethics, including the supplier version and ethics training for suppliers is available on "Ethics and Conduct".

Sustainability Requirements for Suppliers and Partners

Present guidelines that reflect the essentials of our positioning, commitment and performance in terms of sustainability, and that must be adopted by all NOS Suppliers and Partners, being aligned with the national and community legal framework, with the norms and principles of international law and international initiatives of reference in the ethical, social and environmental domains, as is the case of the United Nations Global Compact, the Universal Declaration of Human Rights or Fundamental Rights at Work of the International Labour Organization.

The Requirements are communicated to all Suppliers and Partners (100%) and are also an integral part of the General Conditions for the Supply of Goods and Provision of Services to Grupo NOS sent to Suppliers in the market consultation processes. In the scope of supplying products and providing services to NOS, Suppliers are obliged to fully comply with the requirements contained in the Requirements, as far as they are applicable to the supply in question.

They are also obliged, in case of recourse to subcontracting, to make their subcontractors known and to ensure that they guarantee the respective compliance.

Additionally, we subscribe to several external initiatives that publicly strengthen and affirm our commitment to foster an integrated and responsible management of our businesses, both internally and in the value chain, as is the case of the BCSD Portugal Charter of Principles or the CEO's Guide on Human Rights.

BCSD Portugal's Charter of Principles

CARTA DE PRINCÍPIOS
DO BCSD PORTUGAL

BCSD

Subscribed by NOS in 2018, the BCSD Portugal's Charter of Principles establishes guiding principles for good business management, adopting internationally recognized standards and practices in the ethical, environmental, and social dimensions, to be adopted by the company and promoted in its sphere of influence. The principles set out in this charter cover the following areas: (i) legal compliance and ethical conduct; (ii) human rights; (iii) labour rights; (iv) prevention, health, and safety; (v) environment; and (vi) management.

We periodically invite our most relevant Suppliers to join this Charter of Principles.

Within the spirit set forth in this initiative, in order to encourage the adoption of the best management, ethical, social, environmental, and quality practices in our supply chain, we periodically carry out campaigns with our Suppliers with greater relevance to the Procurement Department, inviting them to subscribe to the BCSD Portugal's Charter of Principles.

FAIR AND TRANSPARENT RELATIONSHIPS WITH PARTNERS

We like to foster lasting business relationships with our suppliers and partners, but within a framework that guarantees alignment of principles, quality assurance, and healthy competition.

Besides promoting alignment with our ethical and conduct values, the main policies and processes that govern the selection and management of the relationship with our suppliers, ensure the existence and application of guidelines and rules that encourage equitable access and a transparent and fair management of our business relationships, as illustrated in the figure to the side and detailed in "Ethical and responsible management of the supply chain".

Sustainable management of the supply chain

Our line of action in safeguarding sustainable supply chain management is related to our internal (Code of Ethics and Sustainability Requirements for Suppliers and Partners) and external principles and policies subscribed by NOS (UNGC, BCSD Portugal's Charter of Principles, or the CEO's Guide to Human Rights) but also with procurement and contracting processes, as well as with the relationship and evaluation management of duly parameterized suppliers, with rules of action defined and communicated internally and, as applicable, externally with partners and suppliers, which promote a transparent and fair management of the business relationships.

Supplier selection and management

The quality of the products and services that NOS acquires is essential to maintain and improve the value proposition of its offer. Given the importance of the participation of Suppliers and Partners in our activities, we pay special attention to the selection and the relationship we establish with them.

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

The selection of our Suppliers is carried out according to objective criteria, considering the technical, economic and compliance with the required obligations and certifications, aspects. This process is supported on an electronic platform, with recognized credibility in the market. At the end of each formalization, a survey is carried out on technically valid Suppliers, to assess their satisfaction with the conduct of the business process, the quality of the information provided and the ease of use of this platform.

We also apply the Supplier risk assessment tool - developed by Dun & Bradstreet - which provides for the screening of social and environmental disputes that may involve Suppliers and allows us to conduct a first assessment of the risks associated with their contracting. As a result, we verified a very low level of non-compliances or non-conformities in the provision of services by Suppliers, with elevated levels of satisfaction with the process itself.

An investement in joint continuous improvement

Our suppliers and partners are an essential foundation for our operational excellence and guaranteeing the provision of a good service to our customers. Therefore, we invest in the evaluation and continuous improvement of these agents, but these actions have the potential to induce collateral improvements, with these companies and/or their employees, which go beyond the context of the mutual relationship.

Our supplier evaluation process is, by excellence, a driver of improvement among our suppliers/partners. In particular, this process provides that suppliers with lower ratings (<70%) are encouraged to improve their performance through a process of continuous improvement, which includes meetings with key stakeholders of our company and an intermediate evaluation process. While this performance improvement can be strictly related to the relationship with NOS, it can also have positive effects on the internal management standards of these agents.

The evaluation process is communicated annually to our suppliers, and those companies that obtain higher ratings may use these results as a quote booster in supplier selection processes with other companies for which they propose to provide services, which may be reflected in a competitive advantage for those processes.

Training of suppliers/partners

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

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

Training in environmental and sustainability management

The topic of Sustainability and environmental management is addressed both in the training of own stores and franchising, and on the NOS Academia online platform aimed at sales/commercial teams.

SUPPLIERS' EVALUATION

A process that drives continuous improvement and incorporates sustainability criteria

Supplier evaluation is essential to identify opportunities for improvement in the service provided and to continuously improve Supplier management. In this context, we internally conduct an annual evaluation process of Suppliers, selected according to criteria of relevance/criticality for the business, turnover volume, among others.

Since 2019, the evaluation methodology incorporates evaluation criteria related to the ethical, environmental and safety and health performance of Suppliers.

For each criterion, metrics were defined to make the exercise more objective and comparable between different evaluations, and the respective weighting to be considered in the final evaluation.

In order to ensure the excellence of the services we provide and that are provided to us, suppliers with lower ratings (<70%) are encouraged to improve their performance through a process of continuous improvement, which includes meetings with key stakeholders of our company and an intermediate evaluation process.

This process is a driver of alignment and improvement in the provision of services to NOS, but it is also likely to have positive effects on the management of the Supplier/Partner itself, resulting in added value for the latter that goes beyond the strict context of the relationship with us.

The evaluation process also makes it possible to provide selection and disqualification rationales for future procurement processes.

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

At NOS we have not yet carried out audits dedicated to suppliers on environmental and social criteria. However, it should be noted that under the Environmental Management System, certified by ISO 14001, and the Occupational Health and Safety Management System, certified by ISO 45001, a programme of internal and external audits is implemented, and that, whenever the audited process is developed by a Supplier or Business Partner, that Supplier or Partner is audited in terms of environmental and social requirements defined by the aforementioned Standards and internal ones defined by NOS.

In 2021, in this context, external audits were carried out by the certifying entity, involving various areas/activities carried out by contracted third parties, such as the NOS Logistics Centre, or the management of administrative buildings (Workplace and Facilities), and were not detected any non-conformities.

180
Evaluated suppliers

Evaluation of 174 suppliers
≥ 70%

Supplier evaluation carried out in 2021

In the 2021 evaluation, referring to the supplies provided in 2020, only 3% (6) of the 180 evaluated suppliers obtained evaluations below 70%.

180 Evaluated Suppliers

- 512 surveys sent
- 24 Departments involved in the Evaluation process
- 333 surveys answered (65%) - All Departments responded, and all suppliers were evaluated - to ensure results, surveys are sent to more than one person in each Department involved for a given supplier.
- The number of suppliers evaluated is about 10% higher than the number analysed last year (163).

174 Suppliers with evaluation >= 70%

- Corresponds to 97% of the analysed suppliers
- Regarding the criteria related to social aspects, 2 suppliers obtained an average score below the desirable threshold (70%)
- Regarding the criteria related to environmental aspects and occupational safety and health, 2 suppliers also obtained an average score below the desirable threshold (70%).

100%

Social and environmental risk supplier evaluation
(strategic target until 2025)

Comparing the results of this evaluation with the one carried out in 2020, it is possible to verify that of the 17 suppliers that then had an evaluation below 70%, 10 showed a positive evolution, having been above 70%. In some cases, these improvements were significant, resulting in a comfortable distance from this threshold. Only one of the providers, despite having slightly improved the overall rating of its evaluation, remained slightly below the intended threshold. In the remaining 6 cases, as a result of the low evaluations, the contract was terminated.

In the last three years there has been a positive evolution in the results of the evaluations, with a gradual decrease in the number of suppliers with evaluations below 70%, showing a positive dynamic, to which, although it is not possible to conclude with complete certainty, the effect of the evaluation process and its follow-up with suppliers may not be unrelated.

We plan to reinforce the environmental and social evaluation of suppliers, with a process specifically dedicated to these areas, and we have defined as a strategic goal the environmental and social evaluation of 100% of risk suppliers by 2025.

With the implementation of this process, it will be possible to increase the effect of inducing improvements in the management processes of our suppliers.

5.7 WE GENERATE VALUE FOR THE PLANET AND FOR A MORE SUSTAINABLE SOCIETY

We want to be active agents in the climate and digital transition of Portuguese society.

5.7.1 CLIMATE AND ENERGY

Our Climate Journey

2021 was a milestone year in our climate journey. After the integration of energy and climate goals into the NOS Next Generation 2021-2025 business strategy, we increased the level of ambition, assuming new greenhouse gas (GHG) emissions reduction targets that were approved by the Science Based Targets initiative (SBTi). With this new objective, we ensure that our decarbonization trajectory is in line with the Paris Agreement target of limiting global temperature rise to 1.5°C.

We made important decisions to ensure that the energy needed for our operation comes exclusively from renewable sources: we have established a long-term bilateral agreement (PPA – Power Purchase Agreement) for the consumption, from 2023, of electricity produced in a new wind farm. Anticipating our goal of consuming 65% of renewable electricity by 2025 and 80% by 2030, as of January 2022, all the electricity consumed in our operation is now certified as being of a renewable source.

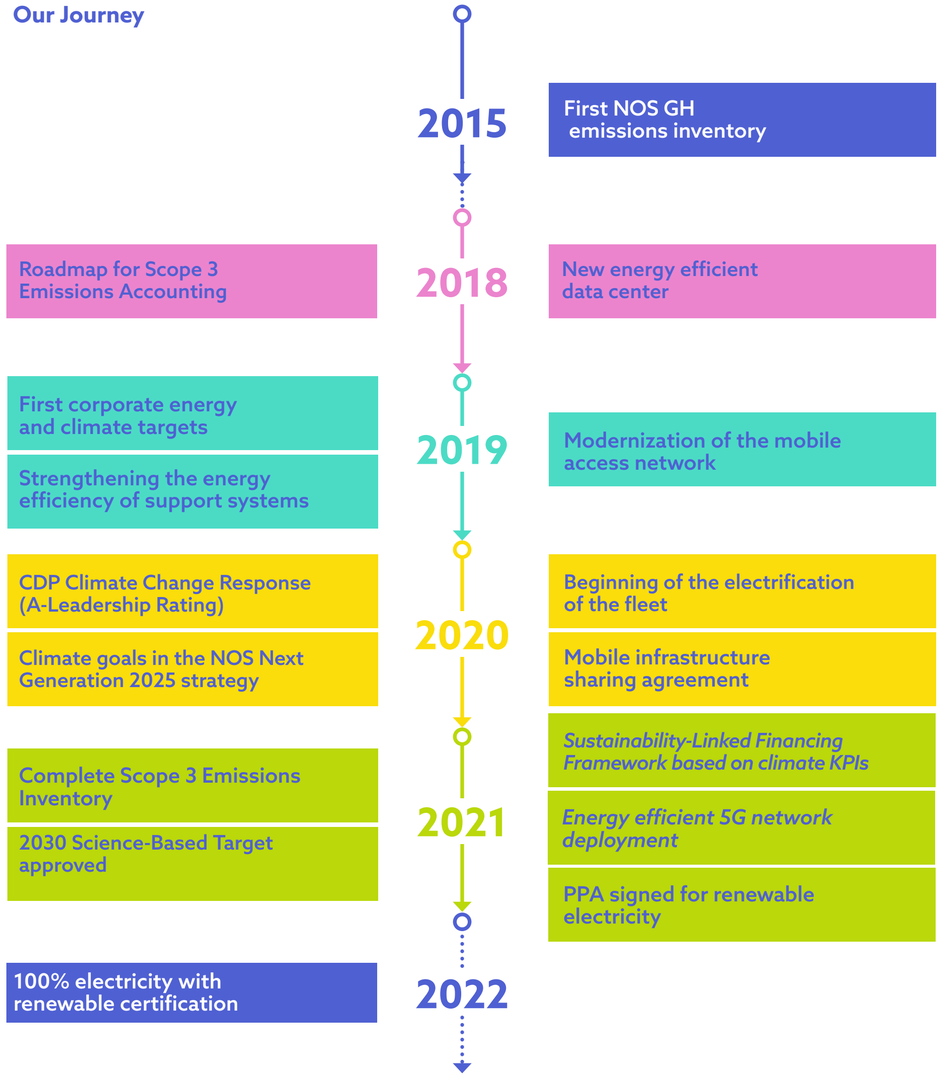
We have taken a leading role in initiatives in the business sector, with emphasis on the signing, in March, of the European Green Digital Coalition Declaration. We are the only Portuguese company to be part of this coalition, through which the main European technologies are committed to developing digital solutions with high efficiency and positive net impact in key sectors of the economy, while reducing their emissions, with the objective of achieving carbon neutrality by 2040.

Our performance was once again recognized by CDP - Disclosure, Insight, Action, with an A- rating (Leadership level) in the CDP Climate Change 2021 assessment, and a higher score than the previous year in several sections of the questionnaire.

We placed compliance with climate commitments at the heart of dialogue with investors and raised the debt issuance associated with sustainable financing lines to 250 million euros. The conditions of these financing lines include components explicitly indexed to the climate performance of NOS, monitored through the CDP assessment, regarding the evolution of GHG emissions and the use of renewable electricity. The results are periodically reported and verified by an external entity, being aligned with the Sustainability Linked Loan Principles (SLLP) and with the best market practices. In December, we established a Sustainability-Linked Financing Framework, which comprehensively frames our issuance of financing instruments of this type.

We have increased the transparency of our reporting on the strategic implications of climate change for the business, with the inclusion in this report of a first exercise of implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The information we report already responds to most of the disclosures recommended by the TCFD, with the exception of the assessment of the resilience of our business strategy in various climate scenarios, including a scenario of 2°C or lower.

Our Journey

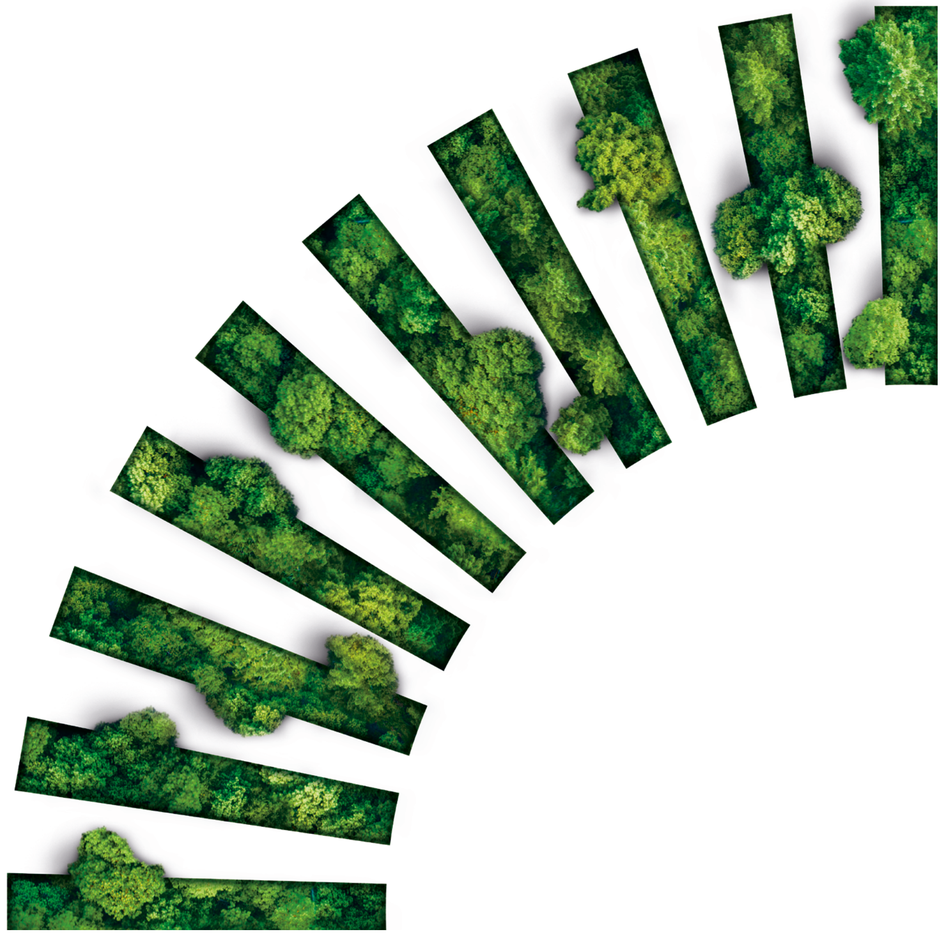


Our Strategy

Maintain a resilient network to the physical effects of climate change

COMMITMENTS	TARGETS	NOS operation
Increase the energy efficiency of the operation	**-75%** energy per data traffic in 2025 (vs 2015)	**-85%** energy per data traffic in 2030 (vs 2015)
Use renewable electricity to meet our consumption	**100%** electricity with renewable source certification from 2022 (vs 2015)	
Reduce carbon footprint in line with climate science	**-90%** of scope 1 and 2 emissions in 2030 (vs 2019)	**-30%** of scope 3 emissions in 2030 (vs 2019)

COMMITMENTS	TARGETS	Products & services
Contribute to the reduction of emissions in the economy	**Reducing** emissions from customers by an amount greater than emissions from own operation, by 2025	



Our Carbon Footprint

In 2021, we completed the implementation of the roadmap that we defined for full accounting of the carbon footprint of our value chain. In this report, we present for the first time a complete picture of the emissions associated not only with our own operations (scope 1 and 2), but also with the activities we induce upstream and downstream, from the supply chain to customer use of our products and services (Scope 3).

Accounting for scope 3 emissions presents particular challenges, as it relies on third-party information that, in many cases, is not accessible. Following The GHG Protocol emissions calculation guidelines, we used, whenever possible, specific data from our supply chain, from the activity of our partners, and from characteristics and patterns of use of our products and services (see Methodological Notes). However, to quantify some categories of emissions, namely categories 1 and 2, we partially use sectoral proxies based on financial information, whose results may not faithfully reflect our reality. In 2022, we will start an engagement project with the main suppliers, which will allow us to collect specific information on the carbon intensity of our purchases and will be the basis for defining reduction initiatives.

Emissions Throughout the NOS Value Chain

5.7 WE GENERATE VALUE FOR THE PLANET AND FOR A MORE SUSTAINABLE SOCIETY

With the full quantification of the carbon footprint, we now have a baseline to define more comprehensive reduction targets in line with climate science.

Our new Science-Based Target (SBT) was formally approved at the end of 2021 and commits us to reduce 90% of scope 1 and 2 emissions and 30% of scope 3 emissions by 2030, compared to 2019.

The strategy to comply with scope 1 and 2 SBT is based on the continued increase in the energy efficiency of the operation and on the switch to electricity produced exclusively from renewable sources.

To reach the target defined for scope 3 – which represents, on average, around 90% of the total footprint – we will focus on the most relevant emission categories: for the goods and services purchased (categories 1 and 2), we will collect specific information on emissions associated with the production of network and customer equipment and define a procurement policy geared towards equipment with less carbon intensity in production; for use in our products and services (category 11), we will reinforce the energy efficiency criteria of the equipment we place at the customer (mobile phones, set-top boxes, routers), expand the circularity project that already guarantees the collection and reuse of more than 80% of the equipment in the fixed service; and develop customer engagement campaigns that promote greater use of the equipment's energy-saving features (e.g. stand-by mode in TV boxes).

Our science-based target

Fulfilling the commitment made at the end of 2019, in December 2021 we obtained approval from the Science Based Targets initiative (SBTi) for our new emissions reduction targets.

The Science-Based Target (SBT) NOS confirms that the level of decarbonization we assume for the business is in line with the most ambitious emission reduction trajectories defined by climate science as necessary to limit global temperature rise to 1.5° C, key objective of the Paris Agreement.

SBT covers all the activities of Grupo NOS, in the Telecommunications and Media & Entertainment businesses. To define the level of reduction to be achieved in the Telco segment, we applied the methodology defined in the Guidance for ICT Companies Setting Science-Based Targets, developed by reference entities in the sector (GeSI, GSMA and ITU), in collaboration with SBTi, and which establishes specific and more demanding decarbonization paths for the operation of mobile networks, fixed networks and Data Centres.

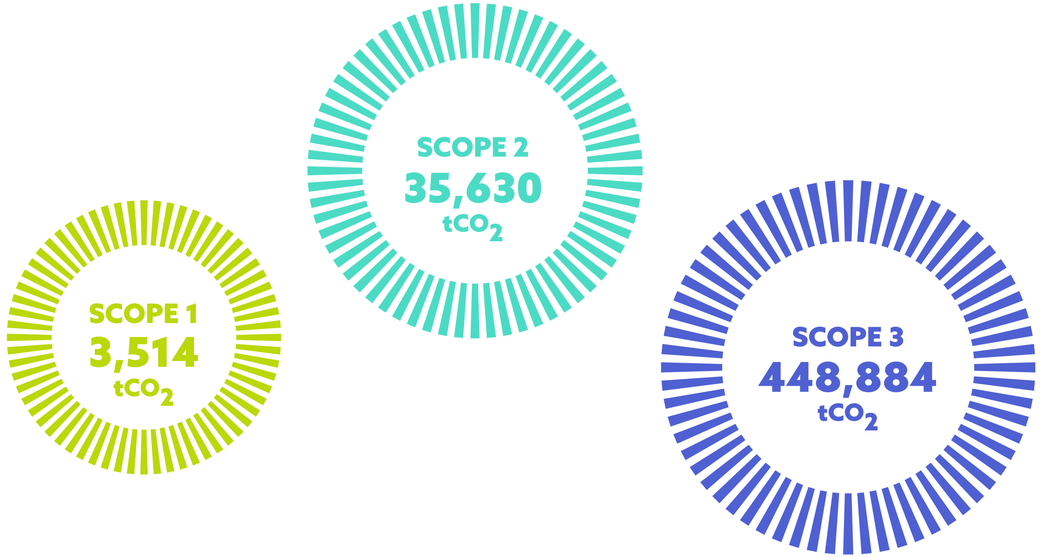
By 2030, we commit to:

- reduce absolute scope 1 and 2 emissions by 90%, compared to 2019;
- reduce absolute scope 3 emissions by 30%, also compared to 2019.

Annually, we will disclose a complete, audited inventory of our emissions and the progress made regarding SBT. We will make this disclosure through the Integrated Management Report, the response to the CDP Climate Change programme and other institutional communication supports.

Internationally recognized, the SBTi evaluates and approves science-based reduction targets undertaken by the business sector, thus accelerating the transition to a low-carbon economy. At the end of 2021, NOS was one of only four Portuguese companies with approved SBTs, also joining the group of leading companies in the telecommunications sector that adopted 1.5°C SBTs.

NOS Carbon Footprint 2021



	2015	2016	2017	2018	2019	2020	2021	Δ 20-21 (%)	tCO_2e "Δ 19-21 (%) baseline SBT"
Scope 1 - Direct emissions	**5,069**	**5,463**	**5,135**	**5,528**	**7,320**	**3,569**	**3,514**	**-2%**	**-52%**
Fuel consumption- fleet	4,718	5,098	4,783	4,632	4,571	3,017	3,031	0%	-34%
Fuel consumption - buildings	91	121	100	112	119	85	94	10%	-21%
Fugitive f-gases emissions	260	244	252	784	2,630	467	389	-17%	-85%
Scope 2 - Indirect energy emissions	**64,049**	**46,383**	**66,901**	**55,668**	**43,064**	**30,929**	**35,630**	**15%**	**-17%**
Electricity consumption - Market-based method	63,063	45,419	65,913	54,695	42,083	30,226	34,856	15%	-17%
Electricity consumption - Location-based method	40,640	39,821	56,484	47,835	55,289	47,104	38,780	-18%	-30%
Thermal energy consumption	986	963	988	973	980	703	774	10%	-21%
Scope 3 - Other indirect emissions	**1,177**	**2,725**	**2,379**	**2,252**	**463,094**	**428,344**	**448,884**	**5%**	**-3%**
C1 - Purchased goods and services	n.d.	n.d.	n.d.	n.d.	95,146	101,260	116,829	15%	23%
C2 - Capital goods	n.d.	n.d.	n.d.	n.d.	161,043	177,742	199,909	12%	24%
C3 - Energy related emissions (not included in scope 1 or 2)	n.d.	n.d.	n.d.	n.d.	12,610	10,843	13,023	20%	3%
C4/C9 - Upstream and downstream transportation and distribution	n.d.	n.d.	n.d.	n.d.	365	338	361	7%	-1%
C5 - Treatment of waste generated in operations	103	98	185	221	169	109	81	-26%	-52%
C6 - Business travel	1,074	938	989	843	733	153	39	-75%	-95%
C7 - Employee commuting	n.d.	1,689	1,205	1,188	1,181	429	164	-62%	-86%
C8 - Telecom equipment in third-party sites	n.d.	n.d.	n.d.	n.d.	8,338	6,869	6,140	-11%	-26%
C11 - Use of sold products	n.d.	n.d.	n.d.	n.d.	167,587	119,093	104,065	-13%	-38%
C12 - End-of-life treatment of sold products and packaging	n.d.	n.d.	n.d.	n.d.	137	203	225	11%	64%
C14 - Franchised stores	n.d.	n.d.	n.d.	n.d.	452	284	215	-24%	-52%
C15 - Investment in associated companies and joint-ventures	n.d.	n.d.	n.d.	n.d.	15,331	11,021	7,833	-29%	-49%
Total scope 1 + scope 2 - Market-based method	**69,118**	**51,846**	**72,036**	**61,196**	**50,383**	**34,499**	**39,144**	**13%**	**-22%**

Previously published figures revised to include NOS Azores and NOS Madeira. As of 2019, electricity consumption by equipment at third-party facilities is no longer reported under scope 2 and is now reported under scope 3 - category 8. Total scope 3 in 2019 and 2020 recalculated to include all applicable emission categories (see Methodological Notes).

In 2021, emissions from own operations (scope 1 and 2) increased by 13% compared to the previous year. Despite this increase, total scope 1 and 2 emissions in 2021 were 22% below the amount recorded in 2019, which constitutes the baseline of our SBT, selected to reflect a representative level of activity, unaffected by the pandemic.

Scope 1 emissions continued to decline, in line with the reduction in fleet usage and its electrification, but also with the reduction in fugitive emissions of cooling gases. In addition to reinforcing leak monitoring procedures, we are progressively replacing gases with a high climate impact by alternatives with a lower or even zero Global Warming Potential (GWP), in particular in air conditioning and fire extinguishing equipment that protect technical facilities of high criticality.

By 2021, more than 750 kg of HFC-23 - a gas with a GWP of 14,800 used in fixed fire protection systems in Data Centres and Mobile Switching Centres (MSCs) - were replaced by NOVEC 1230, a new generation extinguishing agent, with a GWP of less than 1.

In scope 2, there was an increase of 15% in relation to the previous year. This increase results almost exclusively from changes in the contracting of electricity which, in a context of strong volatility in energy prices, transferred part of the consumption to a supply with a carbon content about one third higher than the rest. Overall, despite electricity consumption having remained practically unchanged (+0.1%), the average emission factor of the electricity consumed increased by 15%, resulting in a similar increase in associated emissions. From 2022, with the consumption of 100% of electricity from the own operation having renewable certification, the reduction in relation to the base year will be very significant.

Electricity emissions: impact of consumption vs carbon content of contracted electricity

Also in scope 2, the increase in emissions associated with the consumption of thermal energy results from the partial recovery of activity in cinema venues which, under normal conditions of use, represent 60% of the total needs for heating and cooling.

In scope 3, emissions of categories 1 and 2 evolved, in a generic way, in line with the OPEX and CAPEX values associated with the goods and services purchased, since the emissions of about 70% of total purchases are still quantified based on a financial or hybrid approach. The classes of supply for which we use physical data (services contracted to other operators and procurement of equipment for our customers) have increased in line with the traffic induced in third-party networks and the number of equipment sold, respectively. Traffic contracted to other operators grew by 28%, but the increase in associated emissions was limited by the reduction of around 12% in the weighted emission factor of the electricity consumed by the national and international networks that supported this traffic. Total equipment sold increased by 11%, which led to a similar increase in emissions associated with the respective production.

Emissions from the use of products (category 11) decreased by 13% compared to 2020, despite an 11% increase in the number of new equipment we placed at our customers. This reduction results from the combined effect of the lower emission factor (-18%) of the electricity used in these equipment (average of the network in Portugal for 2021) and the continued improvement in the energy efficiency of the models we use, in particular TV boxes and routers.

Between 2019 and 2021, emissions associated with the use, over the entire service life, of new equipment placed at the customer decreased by 38%, despite +21% of new units placed on the market.

100% Electric fleet by 2030

In 2021 we approved a plan for the full electrification of our fleet by 2030.

From 2021 onwards, all replacements of vehicles for personal use will be made by electrified models: plug-in hybrids and electric vehicles until 2025 and 100% electric vehicles from that date.

For the vehicles that directly support our operation – passenger cars and light commercial vehicles – we are still defining a detailed replacement schedule, depending on the progressive availability in the market of technological alternatives adapted to our usage pattern. The goal is to reach 50% electrified vehicles in 2025 and 100% in 2030.

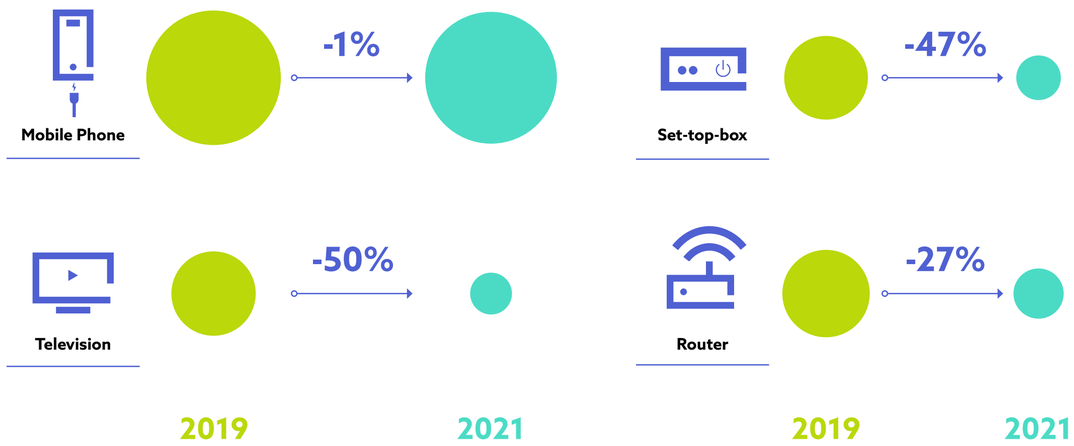
Using 100% electric fleet shifts emissions from scope 1 (fossil fuel consumption) to scope 2 (electricity consumption) of our carbon footprint. However, the balance of this shift is doubly positive:

- The energy conversion efficiency of electric engines is significantly higher than that of internal combustion engines, inducing an emission reduction of more than 60%, considering the average carbon intensity of the electricity grid in Portugal.
- By ensuring the consumption of 100% renewable electricity from 2022 onwards, all vehicle recharging carried out at NOS facilities will be carbon neutral.

At the end of 2021, 11.7% of our fleet consisted of electrified vehicles – 10.2% plug-in hybrids and 1.5% electric vehicles – and in our main buildings in Lisbon and Porto there were 40 charging stations.

Until we have a fully electrified fleet, we will offset fuel emissions by financing a reforestation project that removes from the atmosphere an amount of CO_2 equivalent to that emitted by the use of our vehicles.

Evolution of energy efficiency of customer equipment (kWh/year)



Considering average usage pattern (see Methodological Notes).

The restrictions on circulation that remained in force due to the pandemic throughout 2021, and the adoption of new remote work models, led to an even greater reduction in emissions associated with business travel (category 6) and employees commuting (category 7).

The rise in category 3 emissions results from the update of the reference emission factors used to quantify the emissions that occur upstream of the chain of electricity consumed (extraction, processing, and transport of fuels to the power plants).

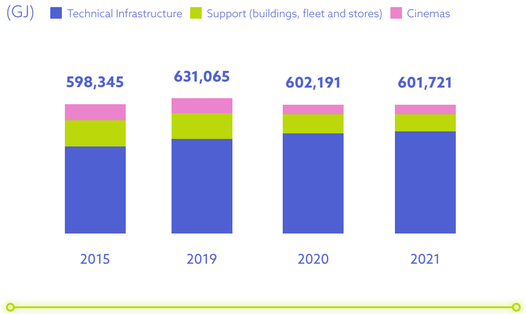
Ensuring an energy efficient operation

Energy consumption - in particular, electricity, which represents around 90% of the total - and the carbon emissions associated with its production are the main environmental impact of our own operation.

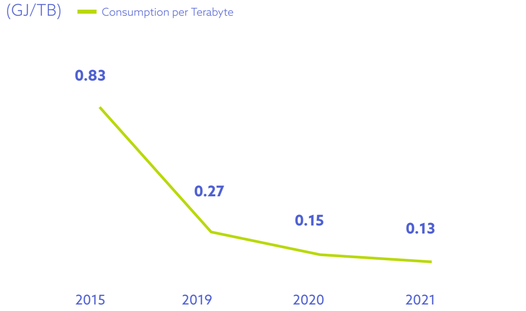
The technical telecommunications infrastructure, made up of the mobile and fixed network and Data Centres, currently consumes 80% of this energy, a percentage that has consistently increased in recent years, as a result of the expansion of activity and the rapid growth of data traffic, which induces greater consumption in the equipment that supports it.

Total energy consumption and energy consumption per data traffic

Total Consumption



Consumption per Data Traffic



Mobile and fixed data traffic. As of 2018 includes non-linear TV (streaming) and excludes linear TV (broadcast). Does not fully reflect Data Centre activity.

Previous published values revised to include NOS Azores and NOS Madeira and, as of 2019, exclude consumption of equipment in third-party facilities.

(see Methodological Notes).

In 2021, the energy consumption per traffic unit ratio continued to decline (-18% compared to the previous year), reflecting the consistent improvement in consumption efficiency.

The overall consumption of our operation remained practically unchanged. The decrease already registered in the previous year in the network of stores, cinemas, fleet, and back-office buildings, was accentuated, with an additional reduction of 6% in these facilities as a whole. The optimization of areas allocated to support services contributed to this decrease – which resulted in savings of around 220 MWh/year – but also the maintenance of measures to contain the COVID-19 pandemic, which strongly conditioned the use of spaces and equipment.

In the technical network, there was only a 2% increase in energy consumption, despite a 22% growth in data traffic. In 2021, we continued to invest in high-efficiency backup, energy transformation and air-conditioning systems, and to implement cold containment measures in technical corridors of main sites. We estimate that these measures will result in savings of more than 1 GWh/year.

The mobile network infrastructure sharing agreement, established at the end of 2020, rationalized resources and brought energy efficiency gains of 30 to 40%, along with better coverage in inland areas of the country. During the year, the introduction of 5G technology also strengthened the energy efficiency of the mobile network, supported by greater equipment efficiency and new intelligent energy saving features, with reductions of around 20% in consumption for the same volume of traffic.

The continued investment in energy efficiency of the network – both in supporting infrastructure and in transmission equipment – has been essential to limit the increase in consumption, despite the rapid growth of data traffic. Between 2015 and 2021, this indicator recorded a reduction of 85%, reaching the target that we had set for 2030. In 2022, we will define new indicators that express in a detailed and complete way the energy efficiency of our operation and we will set new targets that continue to challenge the organization.

Switching to renewable energy

Emissions associated with the production of the electricity we consume represent, on average, 90% of the carbon footprint of our own operations. The switch to electricity produced exclusively from renewable sources is the key to decarbonizing our operation.

In 2021, we took two decisions that will support this shift: we established a long-term contract for the procurement of renewable electricity that, as of 2023, will supply around 40% of our current consumption; and we anticipated our target for renewable energy, ensuring that 100% of the electricity we consume will be certified as of renewable origin, as of 2022.

PPAs (Power Purchase Agreements) allow a renewable energy producer to have predictability about their investment and return, while guaranteeing price stability and carbon neutral energy supply to companies that, like NOS, have taken on ambitious goals to reduce emissions.

In the coming years, our operation will continue to grow, and the profile of the services we deliver to the customer, increasingly supported by data and new 5G features, will be even more demanding in terms of energy. Despite the sustained increase in efficiency, the energy needs of our network will continue to increase, in absolute terms.

For the portion of consumption not supplied by the PPA, the option was to start contracting the supply of electricity associated with Guarantees of Origin.

Guarantees of Origin are part of a European system that guarantees final consumers that a certain amount of energy has been produced from renewable sources.

This system is managed in each country by national authorities, in the case of Portugal REN – Redes Energéticas Nacionais, which issue the certification documents and maintain a centralized electronic record, thus ensuring that each MWh of renewable electricity can only be counted as such by a single end consumer.

Power purchase agreement of renewable electricity

In April 2021, NOS and EDP signed an agreement for the purchase of long-term renewable electricity (PPA – Power Purchase Agreement). Innovative and pioneer in the Portuguese communications market, the contract, worth more than EUR 32 million, has a duration of 11 years and involves the construction of a new wind farm, which will supply energy to the Iberian electricity market.

From 2023 onwards, it is planned to supply 62 GWh per year, which corresponds to around 40% of our current consumption. The agreement also provides that, in the second half of 2022, our operation will consume 31 GWh of green electricity, under this contract.

PPAs allow a producer of renewable energy to have predictability about its investment and return, accelerating investment in new assets that reduce dependence on fossil fuels and contribute to the energy transition of the economy, in which we intend to be an active agent.

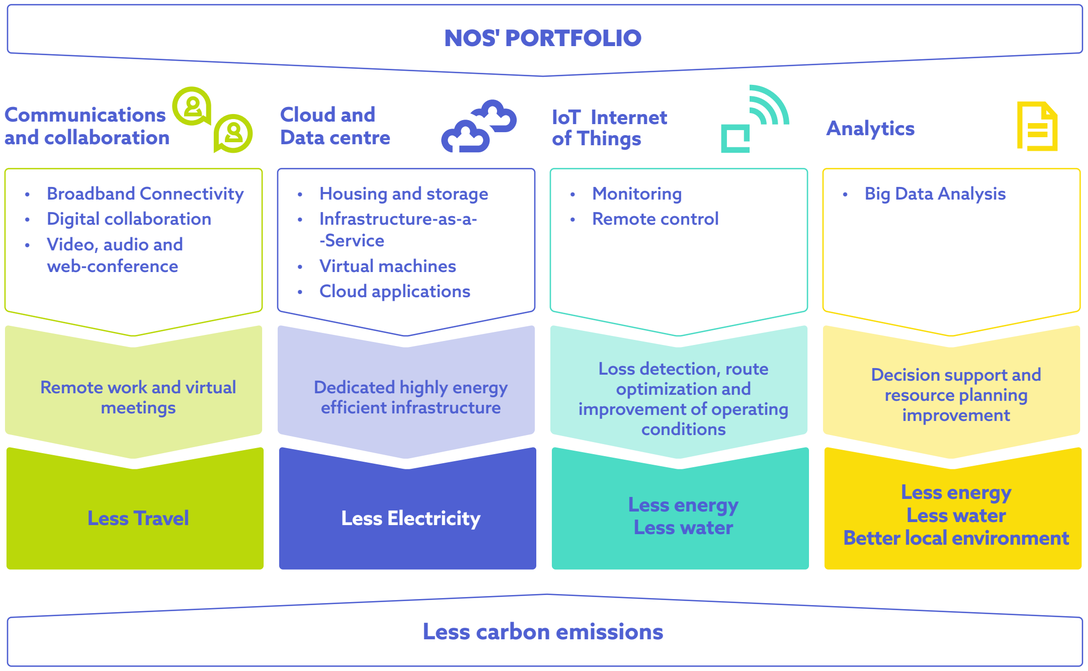
The renewable energy supplied annually to NOS through this contract is equivalent, per year, to the electricity consumption of more than 27 thousand homes and allows avoiding, on average, the emission of more than 17 thousand tons of CO_2e.

Additional information is available on our institutional website.

Reducing customer emissions

The integration, in the business strategy, of a target related to our climate enabling effect - to reduce customer emissions by an amount greater than the emissions of our own operations, by 2025 - is a clear sign that we want to be an active agent in the climate transition of the Portuguese economy. This is also a market opportunity, to which we respond with the development of specific products and services, oriented in particular to the corporate customer segment. Our portfolio currently includes Communication and Collaboration, Cloud and Data Centre, IoT (Internet of Things) and Analytics solutions, which avoid travel, reduce energy, and water consumption, and provide secure and energy efficient infrastructures for data storage and processing. These solutions already represent around 7% of the corporate segment's turnover.

Our solutions that reduce customer emissions



Connected and more efficient equipment

In the corporate segment, customers are increasingly looking for products and services that improve their environmental performance. Recognizing the potential of machine-to-machine connectivity solutions to achieve these results, we have chosen industrial process optimization as a priority of our IoT offering.

IoT solutions allow machines to be connected to the internet, transforming them into intelligent equipment capable of exchanging information in real time. This type of communication is usually done through data and may also include SMS and/or voice.

NOS Industrial Consumption Monitoring solutions allow, through connected sensors, to monitor in real time the consumption of water, electricity, and compressed gas in industrial facilities. Customers can thus timely identify deviations from the optimal consumption pattern and quickly adopt corrective measures that allow for savings of up to 30%.

This technology also allows detecting changes in equipment performance, identifying preventive maintenance needs and reducing unavailability.

Maintaining an adapted and resilient network

Our operation – in particular, the technical infrastructure – is exposed to physical risks from climate change. Acute risks, such as the increase in the frequency and intensity of extreme weather events (e.g., storms or heat waves) and their consequences (e.g., increased risk of rural fires) are one of the main climatic risks to which we are exposed, which can damage our network infrastructure, cause service interruptions, and induce high repair and reconstruction costs.

But long-term changes in weather patterns (chronic risks), in particular changes in average temperature, can also affect the operating conditions of telecommunications and IT equipment, increasing cooling needs and related energy costs and putting at risk critical systems.

We identified and assessed these risks and reinforced the integration of specific mitigation measures into our Business Continuity Management (BCM) programme and Network and Services Supervision processes.

We tested different resilience scenarios to assess the responsiveness of our network and systems to a failure, disturbance, or external event; we have improved contingency procedures in exceptional weather situations; we have systematized the identification of technical facilities in places with high fire risk; and we reinforced the energy autonomy of critical facilities.

In 2021, we minimized power failures in main technical rooms, implementing more demanding maintenance criteria and adapted to the foreseeable impacts of climate change in Portugal (more days of extreme heat and higher average temperatures). We also continued to install state-of-the-art air conditioning systems that reduce consumption and increase resilience.

5.7.2 CIRCULAR ECONOMY

A more circular business

After emissions from the value chain, the production of electrical and electronic waste is the most significant environmental impact of NOS activity.

We are committed to consistently increasing the level of circularity in our business, covering the consumption of materials and the production of waste in our own operations, but also in the use of our products and services. In 2022, we will identify the indicators that will allow us to define quantitative objectives consistent with this commitment, and to monitor the respective performance.

Our approach to circularity

COMMITMENT

Promote business circularity, through the reuse, resale or recycling of network and customer equipment

TARGET

Annually increase the level of circularity between 2022 and 2025

NOS Operation

- High rate of waste recovery
- Digitization and dematerialization of processes

Customer equipment

- Take back, refurbishment and reuse
- Contribution to integrated recycling systems
- Reduction of incorporated material

Increasing the circularity of our operation

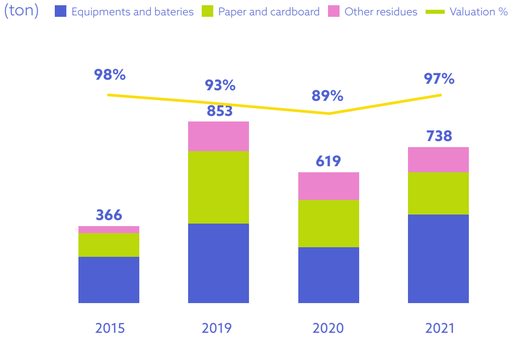
Transmission equipment, IT systems, batteries and packaging material are the main waste from our operation. In a sector where technological renewal is constant, we adopt principles of circularity that, whenever possible, transform these wastes into resources, through reuse and recycling.

In 2021 we produced a total of 738 tons of waste, 97% of which was recycled. We use licensed operators to route all waste that is not collected by municipal systems, and we implement selective collection systems that, in all our facilities, minimize the amount sent to a landfill.

During the year, the renovation of components necessary for the introduction of 5G technology removed legacy 2G/3G/4G equipment from our network that were sold in the secondary market for integration into other networks, avoiding the use of energy resources and materials necessary for the production of new equipment.

This operation resulted in the reuse of almost 17,000 network components, avoiding the processing extraction of 334 tons of new raw materials.

Production and recovery of waste from own operation



Previous published values revised to include NOS Azores and NOS Madeira and consider energy recovery as a disposal operation (see Methodological Notes).

To reduce the upstream consumption of materials and avoid the production of waste, we continued to redesign processes, focusing on digitalization and dematerialization.

In the logistics operation, we are redefining our warehouse's shipping and internal operation processes. In 2021, we implemented measures that avoid the use of more than 350 thousand packaging components and 160 thousand plastic bags per year. We continue to digitize invoicing processes, increasing efficiency, and rationalizing the consumption of printing material and energy associated with transport. In 2021, 74% of our customers received an electronic invoice. With regard to suppliers, the use of dedicated digital platforms

allowed us to receive, in 2021, 62% of their invoices electronically, in a total of 206 thousand documents.

In the store network, we invested in equipment that allowed the full digitalization of contracting processes previously carried out on paper, in digital labels for all equipment and accessories on display, in the production of digital leaflets and in a new queue management system that gives the customer the possibility of receiving their service ticket online or via SMS. With these changes, we reduced paper consumption in our store network by more than 4.9 million sheets/year.

Greenus project: a greener logistics operation

GREENus

Since 2020, the internal project GreenUS is making our logistics processes more sustainable and more efficient. Led by the NOS Logistics team, the project promotes a critical analysis of processes, challenging the identification of opportunities that simultaneously translate into environmental benefits, increased efficiency, and cost reduction.

In 2021, the transformation focused on two key areas:

- Digitization and optimization of shipping processes: 700 thousand sheets of paper were eliminated, and 15 thousand packaging components were eliminated or reduced.
- Redefinition of warehouse operation processes: 10 thousand cardboard boxes, 160 thousand plastic bags and 350 thousand packaging components were eliminated.

The ultimate goal of GreenUS is to eliminate waste production and promote the consumption of sustainable materials throughout the supply chain.

Give a new life to customer equipment

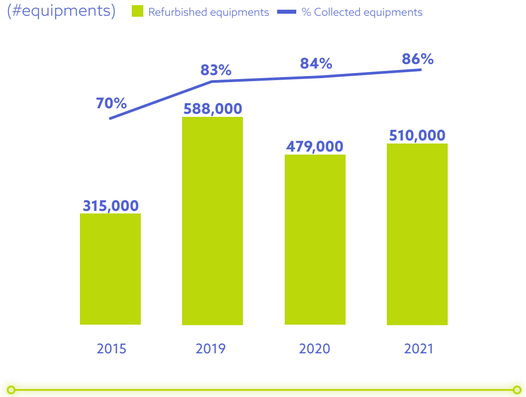
To minimize the end-of-life environmental impact of the equipment we provide to our customers, we act on three fronts: promoting take-back and reuse; contributing to integrated systems that collect and recycle equipment and packaging; and reducing the amount of material incorporated.

We implemented a reverse logistics operation that ensures the collection of more than 80% of the equipment used by fixed service residential customers (TV boxes, routers, and hubs). This equipment is transported to our warehouse, technically assessed and, whenever feasible, subjected to a process of cleaning, repair and updating of components that allows its new use. In this way, we avoid the additional consumption of raw materials and energy and increase the levels of circularity of our processes.

In 2021, more than 510 thousand customer equipment of the residential segment were returned to the market, +6% compared to the previous year. The project was expanded to the corporate segment, allowing the return to the market of over 13,400 highly complex equipment.

On average, around 50% of collected equipment is returned to the market (53% in 2021). Considering the technological evolution and the planning of its introduction in the market, we define annual targets for the rate of collected equipment that will have a new use. In 2022, as a result of the introduction of more technologically advanced equipment, the target of reusing used equipment is 42%. More ambitious targets have been set by 2025.

Recovery and reuse of customer equipment in the fixed service



Residential segment only

To promote the reuse of equipment also in the mobile service, in 2021 we launched two new projects: the sale of refurbished smartphones, with full technical and contractual guarantee; and the pilot programme to take back used smartphones, entirely sent for reuse or recycling.

We are also partners in integrated waste systems, through which we finance collection and recycling networks for all the equipment we put on the market. Waste from the respective packaging is also sent for recycling through the integrated system managed by Sociedade Ponto Verde.

We also work in terms of equipment design, introducing more efficient models on the market, both in terms of energy consumption and the amount of materials incorporated.

51%

Target to reuse customer equipment from the fixed service

(Strategic target until 2025)

-60% Plastic with the new UMA box v2

In 2020, we started installing the new generation of UMA TV boxes.

The UMA V2 consumes 50% less energy, both in use and in stand-by mode, thus reducing consumption and carbon emissions associated with usage.

The new model was also designed to consume the least amount of material, incorporating 61% less plastic than the previous version.

Between 2020 and 2021, we installed more than 350 thousand UMA V2 boxes for customers, which avoided the consumption of 55 tons of plastic, compared to the previous model.

5.7.3 OTHER ENVIRONMENTAL IMPACTS

Protecting biodiversity and landscape

The installation of telecommunications stations – in particular when it comes to mobile networks, outside urban areas - can cause impacts on the landscape and biodiversity, which are prevented or minimized by our planning processes and our operational options.

The infrastructure sharing programme rationalized the number of mobile network towers in inland areas of the country. Reducing the number of sites by close to 40%, while improving network coverage, this strategic decision resulted in in a better level of service with less visual impact, less occupation of the territory and less risk of negative effects on fauna and flora.

Also, this year, the redesign and simplification of radiant solutions (antennas), associated with the introduction of 5G technology, minimized the number of structures and their respective visual presence.

The installation of network infrastructures is regulated by specific legislation and requires licensing processes with municipal councils and other entities. When new infrastructures, from the mobile or fixed network, are installed in areas with a protection status or in adjacent areas, in areas of high conservation value or with special environmental sensitivity, as is the case of the Alto Douro Vinhateiro Special Protection Zone, we guarantee, within the scope of the respective licensing process, compliance with the specific protection requirements defined by the competent authorities, namely the Institute for the Conservation of Nature and Forests (ICNF).

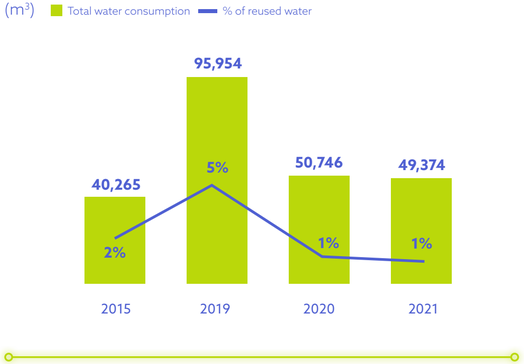
In 2021, we joined a voluntary emission compensation project, through which we offset the unavoidable carbon emissions from the use of fuels in our fleet, while it is not fully electrified. This reforestation project combines carbon retention, biodiversity protection and natural resistance to forest fires, through the installation of several fire-resistant native species, particularly along watercourses and ecological corridors.

Monitoring water consumption

Our activities do not involve the consumption of significant amounts of water, and this is not a material topic of our sustainability strategy. However, water is a scarce natural resource, whose consumption we monitor and rationalize in support buildings, technical network, own stores, and cinemas.

Our facilities at Parque das Nações, in Lisbon, have a system that allows rainwater to be collected and used in the building's irrigation and fire-fighting systems. With the exception of this rainwater collection, the only source of water supply to our facilities is the municipal supply systems.

Total water consumption and % of reused water



Previous published values revised to include NOS Azores and NOS Madeira (see Methodological Notes).

In 2021, total water consumption in our operation decreased by 3% compared to the previous year, accentuating the decrease resulting from the significant reduction in the occupation of the facilities as a result of the adoption of remote working solutions.

The volume of recovered and reused rainwater also suffered a decrease of around 10%, associated with the decrease in the use of sanitary facilities.

Prevention and monitoring of electromagnetic fields

Mobile telecommunications equipment uses radio frequencies which, as it happens with the operation of other electrical equipment, generate electromagnetic fields (EMF). Currently, most people are permanently exposed to very low intensity electric and magnetic fields, generated by the functioning of equipment necessary for the most varied activities, including research, communications, medicine, transport and distribution of electricity, aeronautics, or maritime navigation. Most sources of EMF, both at home and in the workplace, produce extremely low levels of exposure, and the most common day-to-day activities are unlikely to give rise to risks that exceed exposure limit values. (ELV).

The current scientific consensus is that there is no evidence of a relationship between adverse health effects and the use of mobile telecommunications equipment within the internationally established exposure limits. However, since part of our activity is based on the radio spectrum emitting electromagnetic fields (operating the mobile network and the transport network), NOS monitors and implements the best practices to protect public health against the possible adverse effects of exposure to EMF, following the principle of prevention and precaution.

Our approach to electromagnetic fields

COMMITMENT

The NOS Code of Ethics and Sustainability Policy express our commitment to:

- inform customers about all possible risks associated with the use of the products and services we provide
- comply with the legal and regulatory requirements in force
- apply, in line with the principles of prevention and precaution, measures that protect the general population, our people, partners and other relevant entities, against possible adverse effects on human health from exposure to electromagnetic radiation generated by our infrastructure and equipment.

ACTION

We assume responsibility for monitoring, studying and implementing the best practices produced at a national and international level.

We guarantee

- that all network and terminal equipment meets national and European requirements, standards and regulations
- that all exposure limits are complied with
- the implementation of preventive measures beyond what is legally required

We follow

- research and information disclosed by national and international forums and publications of reference

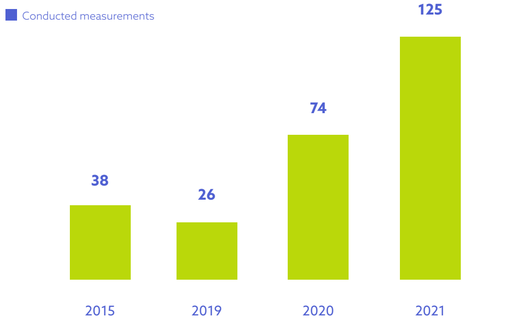
We inform

- all stakeholders – populations and public and private entities – on the effects of EMFs

All our network equipment and mobile phones provided to customers comply with Portuguese legislation on exposure limits to electromagnetic fields, which follows European Union regulations and international scientific guidelines. Based on the precautionary principle, we implement preventive measures in addition to those legally required, to ensure that all exposure limits are met.

We carry out an annual measurements plan to monitor exposure to electromagnetic fields in our mobile and fixed ground service network, covering all relevant facilities, identified based on the requirements defined specifically for this purpose by the Portuguese telecommunications regulator (ANACOM): new or reconfigured installations, located inside, on top or on the facade of buildings that fall within the aforementioned standards.

Annual EMF monitoring plan: measurement of electromagnetic radiation on mobile network sites



In 2021, the number of measurements carried out increased substantially compared to 2020 and corresponds to about five times more than the measurements carried out in 2019, following the expansion in our network.

All monitored stations had electromagnetic field power density values lower than the reference values, and 75% recorded a level 50 times lower than that threshold. The results of the measurements we carry out are communicated to national and local authorities, including ANACOM, which also publicly discloses the results of measurements carried out by it in response to requests from public and private entities.

Objective: prevent exposure

For places accessible to the public, established in the applicable legislation, we define as a target a level at least 50 times below the reference power density value (ELV- maximum permissible value of exposure to the electromagnetic field dependent on the frequency under analysis according to the applicable legislation).

In places where the value, although below the ELVs, does not yet meet this objective, safeguard measures are taken to control exposure, in line with regulations and good practices: access restrictions; and permission, granted to all those involved in maintenance, operation and installation roles, to, as a preventive measure, turn off the emission source whenever necessary to carry out the intervention in perfect safety conditions.

We follow the latest scientific developments on the subject, including the recommendations of the World Health Organization (WHO) and the International Commission on Non-Ionizing Radiation Protection (ICNIRP), an independent reference entity that contributes with recommendations as a result of studies on the impact of non-ionizing radiation on human health.

At a national level, we participate in initiatives such as the FAQtos, promoted by INOV INESC with the aim of monitoring and disseminating information on the impacts of electromagnetic radiation to public entities such as municipal councils, schools, hospitals, and health centres. In this context, we annually support the national contest "Prémio FAQtos", aimed at high school students. The initiative is part of the curriculum of all subject areas and aims to contribute to the formation of a collective awareness of electromagnetic fields and their potential effects on human health, the environment and society.

We carried out studies on the impact of the new 5G networks on the electromagnetic field emissions of the land mobile service. Given the great interest in this topic by the population, several national and international entities, such as the Portuguese regulator ANACOM, the French regulator, ANFR, or the British regulator, OFCOM, have also carried out and published studies on this matter and the main conclusion is that the measured values are below the ICNIRP threshold values and that the contribution of 5G to the total electromagnetic field is reduced.

With the ultimate aim of updating the current standards and procedures for measuring and calculating electromagnetic fields and measuring the power density within the human body, in order to include new radio technologies, a working group was created in 2021 under the aegis of ANACOM, with the objective of gathering national contributions in the scope of "electromagnetic fields in the human environment". NOS participates in this process, as a permanent member of the National Technical Commission for Electrotechnical Standardization CTE 106, which carries out its activity in the scope of "electromagnetic fields in the human environment". The national commission comes from the equivalent technical commission of the European Committee for Electrotechnical Standardization (CENELEC) – – CLC/106X.

More details about the working group can be found at: https://www.ANACOM.pt/render.jsp?categoryId=419923

We assume the goal of responding, in a transparent manner, to 100% of the concerns and requests for clarification from all stakeholders (public, public and private entities and other stakeholders). In 2021, we received 14 requests for clarification, all referring to requests for information related to the installation of antennas in residential or commercial condominiums, as well as public entities. We replied to 100% of these requests.

It is also our commitment to provide all the information requested and to facilitate the technical means at our disposal to support the authorities and the national scientific academy in the study of the impacts of electromagnetic fields on the population.

5.7.4 WE PROMOTE SUSTAINABLE INNOVATION

We believe that technology can play a leading role in responding to global challenges and creating opportunities, and we are aware that the sector in which we operate, based on technology, and associated with connectivity, offers multiple opportunities to promote a more environmentally and socially balanced society. We accept and assume the responsibility of being protagonists and differentiators in innovation at the service of the environment and community.

Our contribution to society is materialized, either directly, in our activities and through the connectivity services and products that we provide to the market, or in the development and promotion of sustainable technological innovation, through support for start-ups/entrepreneurship, and while managers, promoters or partners in projects for the development of innovative solutions, the use of which leads to economic, environmental, and social benefits.

Innovating is in our DNA and allows us to combine competitiveness and contribution to the United Nations Sustainable Development Goals (SDGs). On the one hand, we understand that being able to anticipate the future, understand and meet the needs of the company, our customers and society in general is fundamental to our competitiveness. We recognize the urgency and our responsibility in achieving the SDGs and, therefore, an expressive part of our innovation effort is channeled to projects that contribute directly or indirectly to this purpose.

LEADERSHIP IN INNOVATION

With an investment that exceeded 67 million euros and the equivalent of 226 professionals allocated full-time to the areas of innovation, NOS held again, for the second consecutive year, the first place in the provisional list (*) of Portuguese companies that invested the most in Research and Development in 2020, released by the Directorate-General for Statistics of Education and Science (DGEEC) in August 2021.

The amount mentioned was focused on the evolution of NOS' new generation networks and on the preparation for the arrival of 5G; in the strong investment on areas related to Digital Transformation and the development of Smart Cities.

> €67 million
Investment in innovation Leadership in innovation

Overall amount invested in innovation by NOS in 2020, including internal actions and support for external projects.

We combine competitiveness and contribution to the SDGs

Through our investment in innovation

(*) This information is the most recent publicly available, as the calculation of these values by NOS for 2021 and the DGEEC's definitive list for 2020, as well as the provisional for 2021, are only officially released later in the year.

Our performance in this domain is based on three fundamental technological pillars: (i) 5G technology; (ii) IoT (internet of things), in particular the NB IoT (Narrow Band); and (iii) Advanced Analytics.

Combining these technological enablers with other technologies, we are invested in a comprehensive intervention leveraging the internal innovation potential and, through partnerships, the innovation potential developed by third parties. We believe that innovation should be viewed openly and not department by department, company by company. That is why innovation is in the mindset of our people and is ensured across our organization, involving customers, partners, developers, and academia, in a virtuous ecosystem, with which we collaborate closely.

Our primary areas of focus in the field of sustainable innovation are:

- (i) Energy efficiency and low carbon solutions;
- (ii) Smart and sustainable cities and mobility; and
- (iii) Health and active and healthy life.

NOS' approach to sustainable innovation

Main Technological Enablers

- **5G technology**
- **IoT,** in particular the NB IoT (Narrow Band Internet of Things)

Main Types

- Development of **funded R&D projects**
- Development and/or provision of **solutions (products and services)** for customers and society
- Support for **Entrepreneurship**

Main Focus Areas

- **Energy efficiency** and **low carbon solutions**
- **Smart and sustainable cities** and **mobility**
- **Health** and **active and healthy life**

Customers **Society**

Financed projects with a focus on sustainability

NOS is engaged in several co-financed research, technological development and innovation projects, in partnership with multiple players, from established companies to start-ups, and entities of the national scientific system (e.g universities, research centres, collaborative laboratories), assuming the consortium's leadership in some of the projects in question. These projects aim to generate and endogenize new scientific, technical, and technological knowledge and, simultaneously, develop and test fresh solutions and business models, in different contexts related to energy, smart cities and the active and healthy life of senior people. In 2021, we continued with several projects that were already underway previously (these projects have a multi-annual duration, up to 3 years).

Projects led by NOS

Project Name	Focus
C-Tech **Technology for climate and low carbon cities**	To develop and validate at the pilot scale a digital platform of smart cities for urban modelling and planning based on a three-dimensional representation of the city and its combination with various data from different sources (climate, energy and water consumption, mobility and the behaviour of user groups, determined by the use of the mobile phone)–, which will make it possible to simulate different energy efficiency scenarios for buildings and other features, enabling local authorities to identify and effectively address specific environmental issues and promote the reduction of the carbon footprint. The project's outputs will be extensively tested and validated in partnership with the municipality of Lisbon.
(Link4S)ustainability **A new generation connectivity system for creation and integration of objects networks for new sustainability paradigms**	Development and testing of a new generation of connectivity devices and their associated platforms (communication and software), aiming at the integration of object networks in the context of mobility and energy. The project also intends to develop and validate innovative business models and network concepts oriented towards sustainable digital solutions that allow to improve the standard of living in cities and reduce the environmental impact. The testing and validation of the solutions resulting from Link4S 'R&D efforts will take place in an urban environment, in partnership with the municipalities of Cascais and Matosinhos.

Projects in which NOS participates

Project Name	Focus
City Catalist **Catalyst for Sustainable Cities**	Research, development, and validation, in a real context (demonstrators foreseen in 5 Portuguese cities - Porto, Aveiro, Guimarães, Famalicão and Cascais), of technological solutions and innovative services that enhance an integrated, more efficient, and effective urban management, and catalyst for innovation and sustainable development from the perspective of Smart and Sustainable Cities.
ActiVas **Environments built for an active, safe, and healthy life**	Research, development and testing of an assisted environment based on a comprehensive pilot that will integrate augmented reality solutions, built-in sensors used by home automation solutions, among several other technologies in a context of promoting an active and healthy life, intervening in various aspects and features, such as support for the proximity care network and the promotion of human functionality through physical and cognitive stimulation.
TURNTABLE **Platform to support the vitality and skills of the elderly**	Platform to promote and help healthy and active aging of the elderly, and to broaden their expectations of an autonomous and independent life, acting on the level of social needs, health, and home safety, based on connected devices.

R&d initiatives dedicated to combating the covid-19 pandemic

During 2021, NOS participated in a set of R&D initiatives dedicated to combating the Covid-19 pandemic. These initiatives started in 2020 and were completed during 2021 and demonstrate NOS' commitment to its social responsibility values.

ANA (Anti-Pandemics Analytics): Exploratory and pioneering development of advanced mobility indicators specific to COVID-19. The project made use of massive sources of data generated by the NOS mobile access network, to characterize the movements and mobility habits of the Portuguese population, proposing advances (i) in the visualization's granularity, and ; (ii) in the segmentation of flows by purpose of travel, inferred from the contextual enrichment obtained by overlapping other data sources. The project had the participation of NOS (leader) and Nova SBE.

Data4COVID-19: The Data4Covid19 project aimed to develop a platform that enhances the cross-referencing of multiple data sources in an integrated manner, allowing relevant entities in each of the action areas to design, implement, and monitor, in an articulated way, measures to combat the pandemic. The proposed action plan aimed to ensure the provision of instruments that would contribute to a better management of the pandemic situation, but that would also allow an effective retention of knowledge, fundamental for the future combat of similar situations, both in terms of planning and construction of public policies, or in terms of managing these policies. The project was led by Associação Porto

Digital and with the participation of NOS, TekPrivacy, University of Porto and University of Lisbon.

OSCAR (vOice Screening of CoronA virus):
The OSCAR project aims to develop a screening service for suspected cases of COVID-19 based on NOS voice recognition technology already on the market. In addition to this service, it also provides a platform for epidemiological studies for researchers, so that they can have access to voice data, as well as improve and develop algorithms for the investigation of respiratory diseases.

This new service was initially tested on around 500 citizens for two months and is ongoing. At the end of the project, it will soon be available free of charge to more than 300 thousand citizens. Developed in partnership with the CHRC, the FhP and the Technical University of Madrid, this project will make it possible to act quickly in the COVID-19 context, mitigating the pressure on the Portuguese National Health Service lines (project still in progress).

COVID-Now: Development of a technological architecture that anonymizes, processes, aggregates and analyses georeferencing data with the aim of highlighting relevant mobility patterns in the context of the Covid-19 pandemic, in order to help public and private entities to react and prevent situations that may enhance the propagation of the SARS-CoV-2 virus and consequently reducing the potential for contagion of the population, promoting a more optimized planning of the activity of these entities.

SOLUTIONS FOR CUSTOMERS AND SOCIETY

Smart cities
Analytical cities are a priority for NOS. Through a strategy of approximation and cooperation with the Municipalities, and together with our partners, we have been building, over the last few years, a portfolio of innovative technological solutions that promote their sustainability, addressing different challenges and priorities. Interactive apps that reinforce the connection between municipalities and citizens, mobility solutions, water, energy and waste management systems that allow optimizing the management of these resources, administrative modernization and reduction of operating costs are some solutions for which we have been contributing.

In order to promote innovative data and information technology services, with particular attention to Cloud and "as a service" solutions, as well as project consulting, NOS has developed yet another Smart City project in partnership with the city of Albufeira.

7
Municipalities with Smart Cities protocols signed in the past few years
Oeiras, Lagoa, Vila Nova de Famalicão, Moita, Albufeira, Seixal e Matosinhos

Residents of this city can now report incidents on a dedicated platform and, together with the analysis of data collected from sensors and monitoring devices across the city, municipal services can initiate action to immediately resolve the problem or prevent it from happening. The municipality thus has the ability to manage the key features and infrastructure of the city in an integrated manner.

In June 2021, Vila Nova de Famalicão inaugurated the Urban Intelligence Control Centre, B-Smart Famalicão, with a platform that aggregates the municipality's intelligent management tools, developed by NOS in partnership with FOCUS BC under the Smart City protocol with this municipality. The platform allows the municipality to control the main elements that integrate the features of the city, namely the environment, public lighting, security, traffic, communication routes, car parks, among other infrastructures, in a 360º view of the city. V.N de Famalicão and NOS thus jointly reinforce the path to digital transformation started in 2019.

Vila Nova de Famalicão and Albufeira, join other cities such as Lagoa, Matosinhos, Moita and Seixal, where sensing solutions are being implemented for data collection in areas such as smart public lighting, video surveillance, remote management of water networks, smart irrigation, and waste collection. In all these cities, information is aggregated and worked on in an Urban Intelligence Platform, which consists of an integrated city management centre permanently interconnected to NOS infrastructures and data centres.

Also, in 2021 and within the scope of the investment in smart and sustainable cities, the following initiative is worth highlighting:

Portugal Smart Cities Summit
Reinforcing its positioning in Smart Cities, NOS supported the organization of the Portugal Smart Cities Summit, a reference event in the smart cities scene where the topics of mobility, sustainability, digital platforms, innovation, energy, cybersecurity, and analytics, among others, were addressed, and where solutions were presented that aim to make cities more sustainable, smart, and prepared for the future.

5G AND IOT AT THE SERVICE OF THE ENVIRONMENT AND SOCIETY

Through our connectivity-based services and innovative technologies such as the internet of things (IoT), cloud and big data, and recently 5G, we are helping other companies and businesses become more digital and environmentally responsible. With IoT services, for example, we are able to provide the most efficient use of resources such as energy and water and with big data we help cities to improve traffic planning and air quality.

As part of its business activities, NOS implements a set of innovative solutions and projects with a direct impact on CO2 generation and climate change. Remote patient monitoring or smart gas meters are concrete examples where through connectivity it is possible to eliminate travel and reduce associated greenhouse gas emissions, while enhancing service quality and innovation.

During 2021, we continued to strengthen our performance in this area:

- In partnership with CEiiA, we developed a bike sharing system (for cities and companies) and a platform for measuring and reduce the associated reductions in the carbon footprint;
- We continued to evolve in the industrial consumption control solution for the Industry 4.0 portfolio, focused on operational gains, with projects implemented in several customers.
- Continuation and conclusion of several Analytics projects, namely with Carris to optimize bus routes.

The characteristics of 5G technology make it an enabler of all other emerging technologies, such as artificial intelligence, IoT, automation and robotics, digitalization, and big data, among others, assuming the role of central enabler for the acceleration of technological transformation and of its potential to contribute to the resolution of current environmental and social dilemmas.

Throughout the year, NOS presented a wide range of 5G solutions that showed the impact of the new generation of mobile communications in structuring areas of society, such as education, health, or the environment. Using this technology, we make education more inclusive, bring people together, facilitate the provision of remote medical care and contribute to greener and more sustainable cities. We continue to work with multiple companies, testing several 5G use cases that in the future can help companies be more sustainable.

PROMOTION OF ENTREPRENEURSHIP

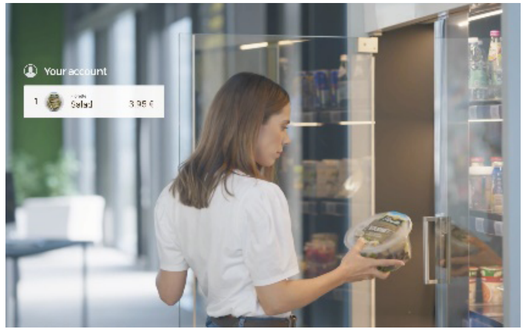
Our contribution to innovation in general, including innovation at the service of sustainability, also involves promoting entrepreneurship.

Eurekathon 2021
"Challenging Data for Sustainable Cities"

Together with LTPlabs and Porto Business School, and, in this edition, also with CEiiA and the Municipality of Matosinhos, NOS once again promoted another edition of EUREKATHON, a marathon for generating ideas, which challenged students and professionals in the areas of Engineering and Science, Business Analytics and Data Science to find innovative solutions that respond to real problems, in line with the UN Sustainable Development Goals (SDGs). The objective is that the projects designed by the participants contribute directly to the development of society and allow them to reinforce critical skills in the new paradigm of digitalization. The theme of this year's Eurekathon edition was "Challenging Data for Sustainable Cities", with participants having to make a thorough analysis of the available data and then present solutions for the optimization of urban spaces in order to promote smarter and more sustainable cities.

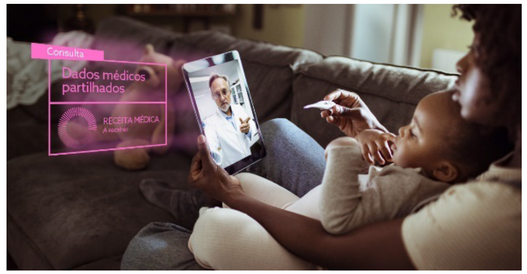
We were also present at "Building the Future" with "NOS Start-up World", a programme that brought together 50 start-ups dedicated to national entrepreneurship.

NOS 5G Fund
We actively support the Portuguese innovation ecosystem with the 5G Fund, in partnership with Armilar Venture Partners, consolidating our investment in 5G leadership, and reinforcing our commitment to the development of a more technologically advanced and innovative country, and to Portuguese entrepreneurs. With an initial capital of 10 million euros and an estimated investment period of five years, the NOS 5G Fund is the first in Portugal oriented towards the new mobile technology. The fund was launched at the end of 2019 and started operating in 2020, with the objective of investing in innovative technological solutions based on or enabled by this technology, ranging from network infrastructure to products or services for customers, giving priority to investment in the community of entrepreneurs in Portugal and technological projects in the initial stages of development. In 2021, we supported the first companies, 2 Portuguese start-ups: (i) Reckon AI and (ii) KnokCare.



The NOS 5G Fund led the investment round in this start-up, in the amount of 1.5 million euros. Reckon AI is a Portuguese start-up that develops artificial intelligence and computer vision solutions applied to retail. The supported solution is based on computer vision technology and is composed of a displayer that combines cameras and load sensors to obtain images and weight changes on the shelves, in order to determine all the movements of the products on sale. The displayer has a door, controlled by the system and unlockable through an App, used to identify the customer and process the payment.

The investment round in this start-up, in the amount of 4.4 million euros, was co-led by NOS 5G Fund, together with Triple Point, and also counted with the participation of the Social Innovation Fund and the social and environmental impact fund MSM (Mustard Seed MAZE).



KnokCare is a Portuguese start-up that develops complete and fully integrated telemedicine solutions that can benefit greatly from 5G technology. The company offers a holistic and robust technological solution – based on data from more than 160 thousand appointments conducted in 12 countries, through a network of more than 3000 doctors in nine specialties - that aims to facilitate both access and delivery of remote healthcare services, through an innovative platform. Knock's platform integrates video appointments, triage support tools and remote monitoring of patients via artificial intelligence in a single system.

5G accelerator

In the search for new opportunities in the start-up ecosystem, in 2021, we organized the 5G Accelerator in partnership with Amazon Web Services (AWS). The 5G Accelerator aimed to promote start-ups with ideas or businesses that could be leveraged by 5G technology, thus complementing the role of the 5G NOS Fund in supporting and building a 5G innovation and entrepreneurship ecosystem in Portugal. National or foreign start-ups operating in Portugal applied, with a business model that could be leveraged by 5G technology or that intend to explore and develop new business models based on this technology.

First place went to KIT-AR, for the development of a solution using new technologies, such as augmented reality and artificial intelligence, to reduce the probability of errors and drive continuous improvements in industrial processes.

With this project, we continue to strengthen our position at the forefront of technological innovation, and in the recognition of NOS as a partner of excellence for digital transformation.

5G Future Forum

We also believe in developing the international innovation ecosystem. In 2021, we announced our membership to the 5G Future Forum (5GFF), an assembly that brings together global communications leaders to accelerate the development and adoption of 5G and Multi-access Edge Computing (MEC) technologies.

Founded in January 2020 by América Móvil, KT Corporation, Rogers, Telstra, Verizon, and Vodafone Group, 5GFF aims to accelerate the delivery of globally interoperable 5G and MEC solutions to customers.

5GFF is now committed to innovating and developing new technological, technical and specification opportunities, expanding the ecosystem of R&D collaborations in order to accelerate global innovation.

5G unlocks a host of opportunities, many yet to be discovered. NOS has the ambition to lead this wave of innovation that will impact the lives of families, companies, and the public sector. We believe that our success derives from the value that we continue to add to our customers by taking advantage of these opportunities.

NOS 5G Fund

+€M5 of investment in innovative technological solutions

5G Accelerator

Partnership with AWS, chalenges startups to innovate

5.7.5 PROMOTING INCLUSION AND DIGITAL LITERACY

Digital transformation only translates into a real evolution of society if it is full and inclusive. Therefore, it is essential to contribute with measures that promote generalized and informed access to digital technologies, through the general offer and specific solutions for customers with low economic income and customers with special needs, as well as investing in initiatives to promote literacy and digital skills.

The nature of the sector in which we operate allows us to enhance the capabilities of those who need it most and thus contribute to the construction of a more inclusive society, promoting access to new technologies, regardless of age, skill, language, culture, and technological literacy of each person. We face this mission with responsibility and commitment.

In a year still marked by the pandemic, with strong economic and social consequences, in which we were all challenged, individually and collectively, to rethink the way we relate to each other and live our daily lives, as well as to reassess the way we face and plan for the future, the telecommunications sector has assumed an added significance. In addition to being committed to ensuring the continuity and excellence of services to ensure that the Portuguese remain connected and with quality, we reinforced our presence and involvement with society, through our participation in social initiatives, with a particular focus on the areas of inclusion and digital literacy, but not exclusively.

PROMOTION OF INCLUSION

In previous sections of this report, we have already framed our efforts in expanding and technologically updating our networks and infrastructures, ensuring a growing territorial cohesion in terms of coverage provided to populations, which is our main contribution to promoting inclusion.

However, we have developed solutions and responses to promote inclusion in situations of special vulnerability, such as accessibility solutions for special situations, referred to in "Accessibility for Special Situations", and the protocols we have developed with third sector associations, to provide connectivity services under more favourable conditions.

We also joined the opening of the new Paediatric Wing at Centro Hospitalar Universitário de São João, in Porto. Children and their caregivers now have access to a wide range of children's channels and other entertainment content, from their bedrooms, infirmary, parents' room, and play area.

Solidary Bed Movement
We provide data cards and hotspots to Solidary Bed Movement, an initiative created with the aim of providing rest spaces for health professionals, firefighters, and police officers on the front lines of the combat against the pandemic, through caravans and vans parked outside hospitals.

COmVIDas Project
We also supported the COmVIDas Project, with the donation of mobile data cards that facilitated its mission to organize a help network for institutions supporting the elderly, who faced severe difficulties during the pandemic.

DIGITAL LITERACY

The promotion of digital literacy is one of the commitments we have made within the scope of the strategic action axis "For a digital future" of our sustainability strategy for the ongoing strategic cycle (2021-2025) and within which we have established as a strategic target, train 10 thousand people through programmes to promote digital literacy and training the digital skills of the future, by 2025.

In 2021, at the same time that we started to define the bases for a future structured intervention programme in this area, we joined and maintained support for initiatives that aim to achieve digital literacy, as is the case with "MUDA" and the impulse to digital skills of the future.

10,000
People trained until 2025
Strategic target regarding digital literacy and digital skills of the future

MUDA

Through the continuity of our collaboration with MUDA - Movement for Active Digital Use, we were close to populations with less digital literacy. MUDA is a project that aims to contribute to increasing the number of Portuguese with digital skills and making Portugal a more developed, inclusive, and participatory society.

Portugal Digital Skills

It is also worth noting that NOS joined the "Microsoft Portugal Partners Alliance", aiming to ensure that everyone has the right skills and opportunities to continue creating diversified environments, prioritizing sustainability in business decisions, and developing responsible and ethical technologies. Its members assume themselves as ambassadors of Portugal Digital Skills initiatives, as well as of the Activar Portugal programme.

Thought Leadership

In line with our commitment to increase people's digital literacy, raise awareness to the use cases of the future and explain the benefits of the new generation of mobile networks, we implemented Thought Leadership. This work is focused on the production of digital content of a technological nature. Within the scope of Thought Leadership, we have already produced more than 100 digital content and disclosed them on our online channels such as website and social networks. The reach of these publications allowed us to impact millions of people and reach tens of millions of views on various social networks, thus contributing to a greater clarification of how 5G and the underlying technologies will change society.

The nos brand as an enabler of technological literacy

The Insights project was born out of the need to increase the country's technological literacy, but also to strengthen NOS' positioning and reputation. With more than 170 contents developed throughout the year, resulting in more than 119 million impressions, the project demonstrates the commitment of the NOS brand to what is one of the main pillars of inclusion: to train all Portuguese people in the essential knowledge about technology. A pedagogy based on the right to everyone's understanding, which is increasingly a duty and responsibility of brands these days.

Scholarships and IST Merit Award
Recognized for its outstanding role in terms of innovation, NOS was invited by Instituto Superior Técnico (IST) to form a three-year strategic partnership, which includes the development of initiatives to promote research, technology, and quality of higher education, rewarding merit as well as innovative ideas that need investment to become reality.

To achieve these goals, NOS made several commitments, including the creation of three annual scholarships for master's students, a merit award for a course subject at IST and an annual competition to support projects developed by students at the University. During these three years, NOS will also be responsible for organizing workshops and other initiatives that promote the connection between students and the company and is committed to actively participating in Técnico's student and employment events.

The terms of this partnership were developed during 2021, although it was only formalized in 2022 with the signing of the protocol for joining NOS to the Técnico Partners Network, which was attended by Miguel Almeida, CEO of NOS, Jorge Graça, CTO of NOS and Rogério Colaço, President of Técnico.

This protocol represents another opportunity for NOS to contribute to the development of the digital skills of the future and simultaneously promote innovation.

OTHER SOLIDARITY INITIATIVES

E-Cycle Christmas 2021 solidarity campaign
NOS joined E-Cycle – Associação de Produtores de EEE, licensed by APA – Portuguese Environment Agency, IP, within the scope of the management of Electrical and Electronic Equipment Waste (WEEE), in a campaign to collect this type of waste, which took place in December 2021 at the NOS offices in Porto and Lisbon. The purpose of this collection was to donate the amount associated with the amount of WEEE collected in favour of a social solidarity institution - A Casa do Caminho, which intervenes in the social sphere providing support and care to children and teenagers at risk.

To this end, E-CYCLE joined with several companies this Christmas to collect WEEE, thus promoting an initiative that combines a contribution to the circular economy with social support, being fully aligned with the objectives of our sustainability strategy. NOS' contribution to this campaign was of 98kg.

Solidarity initiative of NOS stores
With our stores, we developed a solidarity initiative that involved teams from all over the country, and which contributed to helping five Private Institutions of Social Solidarity (IPSS), which work with young people and children in need. Through a gamification mechanic, the shopkeepers chose an IPSS belonging to the municipality of the shop in which they operate, and the five winning shops had the opportunity to deliver a monetary donation in the amount of two thousand euros, to each of the institutions in question.

PPE donation
We donated personal protective equipment to the "União Portuguesa das Misericórdias", in an initiative that also contributed to preventing the waste of disinfectant hand sanitizer and the destruction of surplus materials, such as protective shoes or disposable gloves.

Our cinemas area also continued to support various initiatives with its partners (as already mentioned in the point "Cinematic exhibition"). During 2021, we invested in support to communities (donations) a total of approximately 160 thousand Euros.

98Kg
of WEEE connect circularity with social support
Amount donated to E-Cycle during the Christmas 2021 campaign, which benefited children and teenagers at risk

5.7.6 EUROPEAN TAXONOMY

NOS taxonomy

In order to achieve the European Union's sustainability goals, it will be necessary to mobilize, over the next decade, public and private resources to finance the transition to a carbon neutral, green, competitive, and inclusive economy.

Through Regulation (EU) 2020/852, the European Commission created the EU Taxonomy for environmentally sustainable activities, a classification system of economic activities that aims to identify those that contribute to European environmental objectives, thus creating a framework that facilitates sustainable investment. The goal is that the Taxonomy will, in the future, evolve in order to explicitly include the social aspect as well.

According to the EU Taxonomy, an activity is considered sustainable if: it contributes substantially to one of the six EU environmental goals and does not cause significant harm to any of the others; meets minimum social standards; and satisfies technical evaluation criteria established by the European Commission.

In 2021, the Commission's Delegated Regulation (EU) 2021/2139 was published, establishing the first list of activities that could be included in the EU Taxonomy, as well as the criteria for evaluating their contribution to two of the environmental goals: mitigation of and adaptation to climate change. This contribution can result either from the climatic performance of the activity itself, or from its ability to improve the performance of other sectors – the so-called enabling activities – as is the case of several activities in the Telecommunications sector.

At the same time, new disclosure obligations were also introduced for companies, including NOS, which are now required to report the way and extent of the framework of their activities in the EU Taxonomy, namely in terms of turnover, capital expenses (CAPEX) and exploration expenses (OPEX). For the 2021 report, this disclosure is limited to the activities identified in the Delegated Regulation (eligible activities), and in the following year it is necessary to assess whether they meet the respective technical evaluation criteria (aligned activities).

Eligible activities

Along with investing in measures that increase the energy efficiency of the NOS operation, the company has been strengthening its portfolio of innovative products and services that reduce customer emissions, particularly in the corporate segment. Some of these activities are included in the list contained in annexes I and II of the aforementioned Delegated Regulation:

- Activity 8.1. Data processing, information hosting and related activities (NACE code: J.63.11)
- Activity 8.2. Data-driven solutions for GHG emissions reduction (NACE codes: J.61, J.62 and J.63.11)

The activities of NOS Group included in items 8.1 and 8.2 of the EU Taxonomy correspond essentially to revenues from the corporate segment related to cloud and data centre services, analytics (mobility, smart cities, energy efficiency) and IoT (smart cities, mobility and management and fleet and asset optimization).

The current list of eligible activities for the purposes of the Taxonomy - being focused on the sectors with the highest carbon intensity and on the activities that enable their transformation - does not yet cover many of the core activities of Grupo NOS.

Proportion of eligible activities

	TOTAL M€	ELIGIBLE		NOT ELIGIBLE	
		M€	%	VALOR	%
Turnover	**1,430.3**	27.8	1.9%	1,402.4	98.1%
CAPEX	**422.3**	4.5	1.1%	417.8	98.9%
OPEX	**156.7**	11.8	7.5%	145.0	92.5%

In line with the disclosure guidelines defined by the Taxonomy, the reported values were calculated in accordance with the Group's consolidated accounts and comparative values are not presented, since this is the first year of disclosure.

Regarding the amounts shown in the first column:

Turnover (1,430.3 M€): Corresponds to the consolidated amount of services provided, sales and other operating income, determined on the basis of the consolidated financial statements of 31st December 2021;

CAPEX (422.3 M€): Corresponds to the sum of purchases of tangible fixed assets, intangible assets, customer contract charges and rights of use carried out in 2021, disclosed in notes 8, 9, 10 and 11 of the consolidated financial statements of the company, in the amount of €609.8 million, excluding the amount of the 5G license (151.3 M€), leases (38.0 M€) and other contractual rights (-1.9 M€); and

OPEX (156.7 M€): Corresponds to:

- Research and Development Expenses not capitalized;
- Expenses with renovation/maintenance of buildings and other facilities;
- Maintenance and repair expenses;
- Expenses with Short Term Leases; and
- Other expenses directly related to the maintenance of tangible assets;

recognized in the consolidated financial statements under the Items Direct Expenses – Telecommunications Expenses– capacity (52.3 M€), Direct Expenses – Expenses related to services to large corporate customers (43.7 M€), Support services – Information systems (16.4 M€), External supplies and services – Maintenance and repair (44.0 M€) and other expenses items (0.3 M€).

Eligible activities correspond to corporate segment revenues related to cloud and data centre services and analytics and IoT services.

The CAPEX amounts classified as eligible correspond essentially to the upgrade and replacement of refrigeration systems, containerization of racks, installation of a new air conditioning system in the data centre and other investments in the data centre (procurement of products and services to improve the energy performance of the operation).

The OPEX amounts classified as eligible essentially correspond to expenses with cloud and data centres and centralization of assets, with the management and optimization of fleets and assets, IoT expenses and procurement of products and services to improve the energy performance of the operation.

6. OUR FOUNDATIONS FOR VALUE CREATION

6. OUR FOUNDATIONS FOR VALUE CREATION

WE SHARE THE VALUE CREATED BY THE GROUP'S ACTIVITIES WITH ALL STAKEHOLDERS

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6.1 OUR COMMITMENTS AND FOCUS ON STAKEHOLDERS

6.1.1 MANAGEMENT TEAM COMMITMENTS

We believe that the Group can only prosper and achieve its development goals to the extent that it manages to conduct its activities and initiatives for the benefit of the various stakeholders with whom it relates, enhancing positive impacts and minimizing negative ones. In this sense, we have defined and assumed a set of commitments, before the stakeholders and society, which shape the way in which the business is conducted, from the strategic definition to its day-to-day operation.

Customers

- We place our customers at the centre of our actions and decisions, continually seeking to respond efficiently and effectively to their needs
- We connect families, companies, and the country with state-of-the-art telecommunications services
- We constantly surprise our customers with relevant innovation, anticipating their needs

Shareholders

- We maintain a culture of excellence in operations, rigor in delivering results and discipline in managing our assets and the investments we make
- We comply with the commitments we have made to our shareholders, maintaining a solid financial performance
- We are optimistic about the future and ambitious in the goals we assume as a company

Partners

- We are fair and transparent in our relationship with all our partners, seeking to reach agreements that maximize the value generated for all parties
- We demand that our partners have a philosophy of action and values compatible with ours

People and Organization

- We maintain a non-negotiable commitment to ethics, rigor, inclusion, and meritocracy at all times and in all contexts
- We promote a sustainable balance between personal and professional life, building the foundations for work models adapted to the new reality and more sustainable
- We are committed to retaining, training, and attracting talent, seeking to ensure skills for today's and tomorrow's challenges
- We believe in the value of diversity and are committed to strengthening our commitment to an even more inclusive future

Sustainability

- We have an ambitious SDG agenda, supported by our management team, embraced by the entire organization, and promoted across the company
- We play a central and active role in the economic and social development of the regions where we operate, with a particular focus on the dimension of access, inclusion, and digital literacy
- We are committed to assertively responding to climate challenges, actively promoting the accelerated transition to a clean energy-based reality
- We assume the creation of sustainable value for society as the ultimate goal of our activities

Transformation

- We do not conform to the status quo and continually challenge the pillars of our operation, seeking to evolve towards an increasingly efficient operating model
- We are committed to anticipating relevant context and paradigm changes, focusing on endogenous and exogenous dynamics to our operation
- Our strategy is adaptive and dynamic, translating new opportunities and new challenges into concrete and actionable strategic responses by the organization

6.1.2 APPROACH TO STAKEHOLDERS

Fostering an effective and systematic dialogue with our stakeholders is essential to identify and understand their current and future needs and concerns and consider their incorporation into our decision-making and action process, as well as to provide the necessary information for their own evaluation and decision--making processes towards NOS. It is only through systematic and respectful interaction that risks and opportunities can be identified and anticipated, establishing bonds of trust and value creation that enhance lasting relationships and mutual prosperity.

Approach to stakeholders model

The management of the relationship with our stakeholders follows an approach model based on four guidelines:

We are attentive

— We have mechanisms for regular and systematic assessment of the needs and expectations of our stakeholders, what impacts them, what they value and what we need to improve.

— We analyse the information generated by these mechanisms, as well as relevant trends and sectoral references – governance, environmental and social – – that complement it.

Listen | Identify | Anticipate | Understand the impact and satisfaction

1.

We integrate

— We recognize our responsibility and impact towards our stakeholders, which we value and respect through our values and principles.

— We define commitments towards them, which we revalidate or adjust according to the signals provided by our listening, analysis, and interaction mechanisms.

— We prioritize and consider the inputs of our stakeholders, and other analyses we conduct, in defining our strategic priorities, as well as in defining improvement plans and in establishing cooperation and partnership dynamics.

— We integrate the priorities and improvements we have identified in the management of operations and in new developments.

Respect | Prioritize | Include | Plan and implement

2.

We communicate

— We monitor and measure our performance against compliance aspects and against our strategic priorities, which consider the needs and impact on stakeholders.

— We report, this information, with a sense of opportunity, materiality, and balance, as well as with rigor and clarity.

— We understand the importance of communication and connections that are at the heart of our business, and we promote a culture of proximity, scrutiny, and regular dialogue with our main stakeholders for mutual benefit. This is the only way to maintain the trust and commitment necessary to maintain lasting and positive relationships.

Report and inform | Dialogue | Proximity and cooperation

3.

We advance being connected

— We aim to prosper as a company, add and share value with and for our customers and other stakeholders, meeting and sometimes anticipating their needs.

— We constantly challenge ourselves to do more and better with the contribution of our policy of active listening and cooperation and with the power of innovation and of the technologies that we operate and master for the benefit of our customers and for a more evolved and sustainable society.

— We promote strategic partnerships and entrepreneurship and influence our suppliers and business partners to improve, contributing to a more inclusive and connected world for everyone.

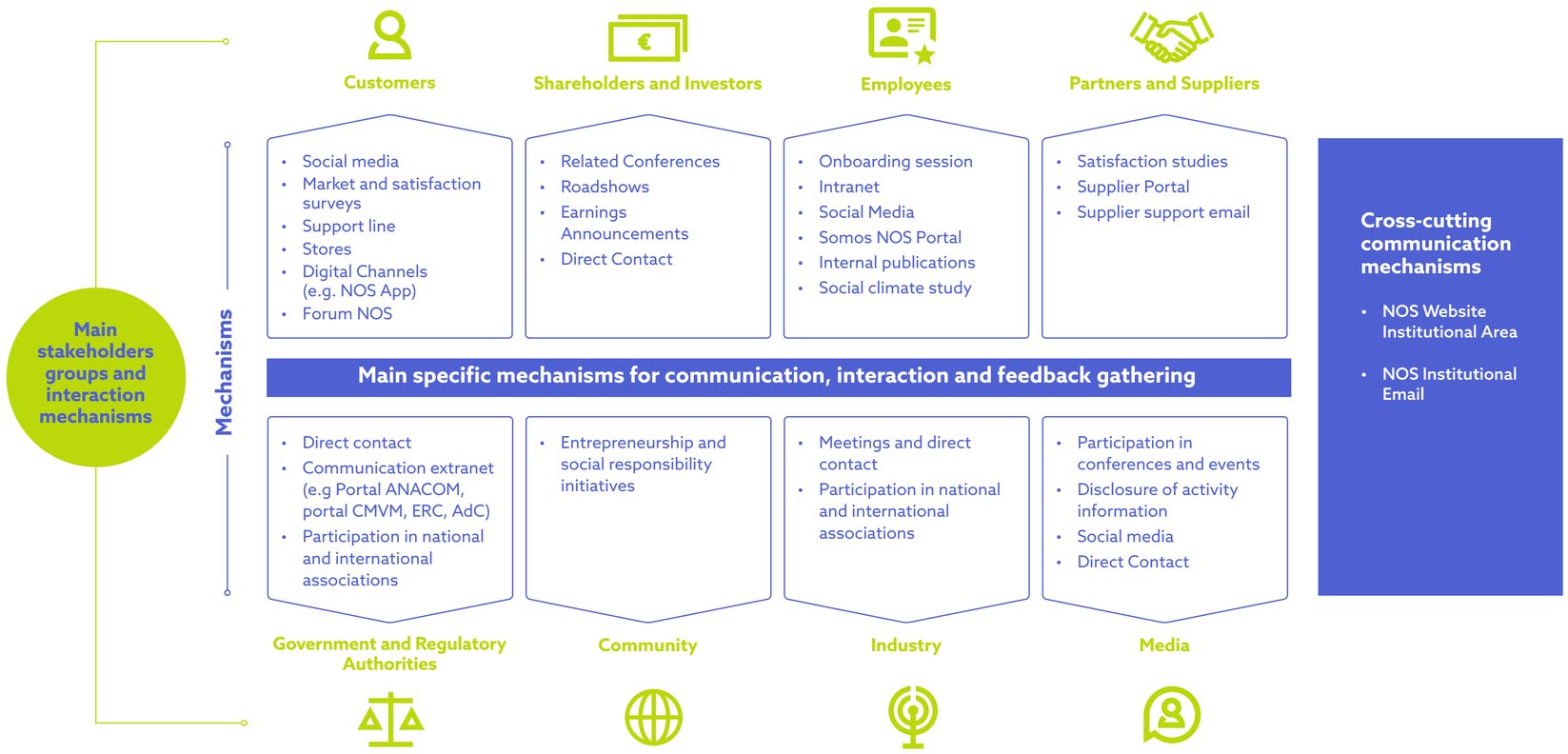
Improve | Connect | Innovate and add value

4.

Without prejudice to the departments/areas ensuring the relationships management with certain groups of stakeholders under their most direct responsibility and in coordination with the members of the Executive Committee within the scope of their respective areas of responsibility (as is the case of Human Resources with Employees, or Procurement with Suppliers), the application of these guidelines is a cross-cutting responsibility of the entire organization. It is led by the management team's global commitments to stakeholders and supported by various communication and interaction mechanisms.

Regular communication and interaction with stakeholders are triggered by a wide range of mechanisms and records:

- of cross-cutting nature (as is the case with the website), or more specific (such as Roadshows for investors); and
- of a more informative (such as the annual report or internal and market publications), participatory or interactive nature (such as welcoming sessions for employees or meetings with regulators) or collecting feedback (such as the climate study for employees or customer or partner/supplier satisfaction surveys).



Also, the frequency varies, from the mechanisms activated permanently or on a daily basis (website, Apps, or stores, for example) to the mechanisms that work in a logic of campaigns of different regularity, in several cases annual or even supra-annual, the broadest being the listening process developed to identify priority sustainability topics, carried out in the planning phase of each new strategic cycle, with the most recent being carried out in 2020, as part of the planning of the strategic cycle that started in 2021.

They can also work on demand, that is, according to the specific needs at each time (as is the case of times of direct contact with the regulator).

(*) We consider the media to be an important stakeholder group due to its ability to influence reputation and condition the relationship with other stakeholders. However, this group is not at the centre of our processes of understanding expectations and needs and actively searching for solutions.

What matters most to our stakeholders

Feedback from regular or targeted interaction mechanisms with stakeholders and other complementary analyses that we carry out provide an integrated view of their main needs and areas of interest, helping us to consider and formulate processes and initiatives that meet them.

Customers

- Cybersecurity
- Products and services with social and environmental benefits
- Recycle used customer equipment
- Troubleshooting contracted products and services
- Clarity of customer information and contractual conditions
- Network coverage and quality
- Protection and privacy
- Energy efficiency and renewable energy (important for Corporate customers)
- Anti-corruption (important for Corporate customers)

Shareholders and Investors

- Operating and financial performance
- Shareholder return
- Anti-competition and market practices
- Greenhouse Gas Emissions
- Cybersecurity
- Energy efficiency and renewable energy
- Recycle used customer equipment
- Products and services with social and environmental benefits
- Protection and privacy
- Preventing exposure to electromagnetic fields
- Respect for Human and Workers' Rights
- Good Corporate Governance Practices
- Good Tax practicess

Employees

- Career development & assessment
- Energy efficiency and renewable energy
- Network coverage and quality
- Troubleshooting contracted products and services
- Products and services with social and environmental benefits
- Health and well-being
- Remuneration and benefits
- Diversity & Inclusion

Partners and Suppliers

- Energy efficiency and renewable energy
- Network coverage and quality
- P&S with social and environmental benefits
- Health and well-being
- Career development & assessment
- Local development projects
- Projects that promote sustainable consumption and lifestyles
- Respect for Human and Workers' Rights
- Transparency and equitable treatment

Government and Regulatory Authorities

- Protection and privacy
- Legal and regulatory compliance
- Anti-competition and market practices
- Preventing and combating corruption
- Network resilience and emergency response
- Clarity of customer information and contractual conditions
- Network coverage and quality
- Preventing exposure to electromagnetic fields
- Good Corporate Governance Practices
- Price competitiveness
- Diversity & inclusion

Community

- Local development projects
- Products and services for customers with special needs or lower-income
- Products and services with social and environmental benefits
- Promotion of entrepreneurship
- Volunteering
- Social Responsibility Policy
- Preventing exposure to electromagnetic fields

Industry

- Innovation
- Network coverage and quality
- Anti-competition and market practices
- Preventing exposure to electromagnetic fields
- Network resilience and emergency response

Topics associated with the main expectations/needs expressed by stakeholders

Needs / Expectations expressed by stakeholders

• Cybersecurity • Protection and privacy	• Career development & assessment • Health and well-being • Remuneration and benifits	• Greenhouse gas emissions • Recycle used customer equipment • Energy efficiency and renewable energy • Preventing exposure to electromagnetic fields • Projects that promote sustainable consumption and lifestyles • Products and services with social and environmental benefits • Products and services for customers with special needs or lower-income • Innovation • Promotion of entrepreneurship • Local development projects • Volunteering • Social Responsibility Policy	• Troubleshooting contracted products and services • Network resilience and emergency response • Clarity of customer information and contractual conditions • Network coverage and quality	• Legal and regulatory compliance • Absence of anti-competitive practices • Preventing and combating corruption • Pricing Competitiveness • Diversity & Inclusion • Transparency and equitable treatment of partners • Respect for Human and Workers' Rights • Good Corporate Governance Practices • Good Tax practices	• Financial performance and shareholder return

NOS' responses

• Security & Privacy programs and processes • Maintenance of ISO 27001 Certification • Partnership with Cisco for new security solutions • NOS Safe Net	• NOS Campus • Performance and Development Model • Remuneration policy and benefits • Maintenance of ISO 45001 Certification • Health and well-being program • Climate and satisfaction study and associated improvement plans • NOS Sync – Quarterly sessions to share results, with an open space for questions from employees	• Maintenance of ISO 14001 certification • Environmental goals and targets • Development of products and services that respond to social and environmental challenges • Monitoring plan for electromagnetic radiation • Investment on 5G technology, IoT and Advanced Analytics • Projects and partnerships to promote the development and digital transformation of companies and institutions • Offer for people with special needs and other special situations • Cooperation protocols with municipalities for Smart Cities • Co-financed innovation projects for sustainability • 5G Fund • Eurekathon	• Plan to increase network resilience and emergency response • Invoice with minimal detail • Contract summary template • Network redundancy assessment and review • Expansion of network coverage and quality • Maintenance of ISO 9001 certification	• Code of Ethics and other policies assumed by NOS • Ethics action and training plan • Internal audit programme • Risk management Policy • Tax policy in development • Discounts for extreme situations • Gender Equality Plan • Statement of Commitment to Diversity and Inclusion • Involvement in various diversity and inclusion initiatives (e.g., Women Empowerment Principles) • Vortal Platform	• Strategic plan and execution • Budget control • Dividend distribution policy

The revision and adjustment of the stakeholders' interaction mechanisms, as well as the assessment of needs and formulation of processes or measures that meet them, is carried out gradually, following certain specific actions (e.g., customer satisfaction studies or organizational climate studies and subsequent improvement measures plan) or as certain aspects arise with recurrence and gain dimension. There are also several internal forums of a specific or thematic nature, where the adjustment of mechanisms and measures to respond to the needs of stakeholders and their effectiveness are analysed as they become urgent, such as, for example, the Diversity and Inclusion Committee. The recent creation of the Sustainability Forum will also be a privileged vehicle for this purpose, in a more cross-cutting perspective.

The areas of interest to our stakeholders and the responses we put into practice illustrated above are gradually adjusting, but are largely similar over time, although they evolve and undergo gradual adjustments. Among the feedback recently collected and the responses generated or planned by NOS to deal with these inputs, we highlight:

- Revision of the sustainability policy in 2021;
- The growing involvement of NOS with rating agencies and ESG analysts, including an increasingly broad proactive participation in the processes of evaluating the sustainability performance of those entities, in order to respond to the information needs and requirements of shareholders and investors;
- Strengthening engagement with gender diversity initiatives and the development in 2021 of the Declaration of Commitment for Diversity and Inclusion, result from our strategic positioning, but also from the growing importance that this topic has been assuming for our people and for the generality of stakeholders;
- The NOS SYNC sessions, quarterly sessions for employees, with the CEO of NOS, for sharing information on financial and operating results, as well as sharing future perspectives, with an open space for questions, emerged as a response to the growing interest shown by our people in being regularly informed and engaged in these matters;
- The self-installation services that we have provided, since 2019 and with an increasing scope, driven by concerns about contacts and health felt and expressed by our customers, also reflected in environmental and operational advantages.

6.1.3 EXTERNAL COMMITMENTS

Together we shape the future - NOS is a signatory to several benchmark initiatives, which boost its strategic commitment and its contribution to sustainability in line with the spirit underlying SDG 17.

Our commitment to sustainability is endorsed at the highest level in the organization and is reflected in the various international and national initiatives that NOS has been subscribing to over the years, under the supervision of the Chairman of the Executive Committee, and to which it remains bound. These initiatives reinforce the commitments assumed by the management team and have underlying principles and commitments of responsible and proactive action in the environmental, socio-economic, technological and governance domains, reflected and complemented by our internal policies and codes.

Initiatives subscribed in 2021

Digital With Purpose

NOS joined and was a founding member of "Digital With Purpose" (DWP), an international movement led by the Global Enabling Sustainability Initiative – GeSI, which includes more than 40 world leading technology companies. The DWP movement aims to accelerate the contribution of the technology sector and the positive impact of technology to a more sustainable economy, focusing on 5 topic areas of "digital impact": Climate Action, Circular Economy, Supply Chain, Digital Inclusion and Digital Trust.

"Towards COP 26" Manifest

NOS signed the manifest "Towards COP 26" promoted by BCSD Portugal to draw attention to the importance and urgency of significantly accelerating action to stop climate change and the importance of an effective climate conference – regarding the 26th United Nations Conference on Climate Change (COP26) in Glasgow, as a critical moment for the fulfilment of the Paris Agreement on climate change, limiting the Earth's warming to 1.5°C, which implies halving global emissions by 2030.

With this manifest, which contained 11 recommendations/goals relevant to stop climate change, BCSD Portugal and the subscribing companies, intended to corroborate the relevance of COP26 and to guarantee the commitment to these objectives.

Portuguese Women in Tech

NOS has joined and is associated with the "Portuguese Women in Tech Association" (PWIT) as a sponsor and partner in the development of initiatives carried out by this organization, which aims to give visibility to women who are part of the national technological ecosystem and encourage projects that promote gender diversity, helping to make careers in this sector more attractive and with greater female engagement and representation.

Intends to help reverse the current scenario, in which the area of technology and STEM courses (Science, Technologies, Engineering and Mathematics) are typically less represented by women, which is reflected in a low diversity in the work market.

Women's Empowerment Principles (WEPs)

NOS has subscribed to the Women's Empowerment Principles (WEPs), a set of guiding principles for the promotion of gender equality in organizations, the market, and the community.

This subscription is in line with the principle of equal opportunities for all our people, which plays a vital role in NOS' human resources strategy, being intrinsically related to the evolution, growth, and diversification of our business.

European Green Digital Coalition

NOS' commitment to contributing to a green and digital transformation was also reinforced with the European Union, with the signing of the European Green Digital Coalition (EGDC), through which technology companies from several EU Member States commit to actions that reduce respective greenhouse gas emissions at a rate compatible with limiting global warming to 1.5°C, with the objective of achieving carbon neutrality by 2040. NOS is the only Portuguese company to be part of this coalition.

Initiatives subscribed in 2022

Porto Climate Pact

The Municipality of Porto has maintained a detailed monitoring of the city's GHG emissions and their respective origin and has followed and exceeded national and European decarbonization targets, having made a commitment to reduce GHG by 60% by 2030.

NOS subscribed to this Pact, committing to contribute to establishing and sharing concrete targets and actions, developed or to be developed, aimed at reducing GHG emissions with a view to carbon neutrality and also involving its networks of actors in the reduction process of GHG emissions in the city of Porto.

Previously subscribed initiatives

United Nations Global Compact	BCSD Portugal's Charte of Principles
Letter of Commitment "Business Ambition for 1.5°C"	Global Enabling Sustainability Initiative (GeSI)
CEO's Guide on Human Rights	Manifesto «Taking advantage of the crisis to launch a new paradigm of sustainable development», promoted by BCSD Portugal
United Nations Target Gender Equality	Portuguese Charter for Diversity
Lisbon Green Capital 2020	ETIS Sustainability Working Group (circular economy in the telecommunications sector)

6.2 RESPONSIBLE MANAGEMENT

Our strategic commitments and the way we are organized, functionally and operationally, to safeguard ethical principles and conduct and proactively address the challenges of environmental and social sustainability, reflects our commitment to ensuring responsible global management and evolving in a differentiating way in the ESG domains.

We want to ensure our competitiveness through the quality and lasting value of our products and services based on successful and sustainable business activities. We recognize that business success and responsible conduct are not mutually exclusive factors, but factors which are leveraged together.

In this sense, over the years we have been defining, developing, and improving a set of principles, policies and tools related to ethical, environmental, and social issues relevant to the organization's context.

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Main policies and instruments that explain and formalize our ethical principles and rules of responsible conduct

Code of Ethics

Defines the ethical principles and rules that govern the internal and external relations of the NOS Group Companies with stakeholders

1.

Sustainability Policy

Defines the principles that underlie the ambition of sustainability in our activity

2.

Sustainability Requirements for Suppliers and Partners

Guidelines that reflect the essential elements of our positioning and commitment to sustainability that must be adopted by our suppliers and partners

3.

Statement of Commitment for Diversity and Inclusion

It comprises a set of principles that should guide the behaviour of all governing bodies and employees of the Group regarding the topic of Diversity and Inclusion. It materializes one of the strategic axes of NOS' Sustainability Policy - Valuing our People.

4.

Security and Privacy Policies

A set of policies that guarantees the safe use of our services and the confidentiality of our customers' sensitive and private data, in line with international standards and best practices, reinforcing trust and security in our activity.

5.

Code of Conduct for the Prevention of Corruption and Related Offenses

NOS created the Code of Conduct for the Prevention of Corruption and Related Offenses, whose main objective is to establish a set of principles, values and operating rules, transversal to all NOS activities, thus containing, among others, the rules applicable to the improper acceptance and offering of benefits, as well as in the areas of corruption, influence peddling and financial crimes, including money laundering or fraud in obtaining or embezzling subsidies, funds, or credits.

It also defines the person responsible for Regulatory Compliance ("RCN" or "Compliance Officer") as the one responsible for the adoption and implementation of this Code and compliance programmes arising from it.

6.

Tax Policy

The Group's Tax Policy combines its tax strategy and its commitment to tax regulations and the application of all good tax practices, thus promoting collaboration and cooperation with the Tax Administration.

The tax strategy consists of ensuring compliance with applicable tax legislation and rules and seeking adequate coordination of practices in tax matters followed by the companies of the Group, considering the company's social interest, and ensuring the achievement of long-term objectives, avoiding tax risks and inefficiencies when making decisions, thus enhancing the creation of value for the shareholder.

7.

To these main policies and instruments, others of a specific nature are added that are articulated with them, namely with the Code of Ethics and the Sustainability Policy, due to their more cross-cutting nature, among which the Gender Equality Plan, Code of Conduct for Preventing and Combating Harassment, Delegation of Responsibilities and Procurement Manual.

These documents are available on our institutional website.

6.2.1 HOW WE MANAGE SUSTAINABILITY

To materialize our purpose of sustainability and our vision of inspiring a sustainable future and being an engine for transforming Portugal into a better society, requires the commitment of the entire organization, from top management to the dynamization of our entire structure.

Organization and responsibilities

The Executive Committee is fully committed to the management of sustainability in the company, being responsible for approving the Corporate Sustainability Strategy, while the Investor Relations and Sustainability Department, delegated by the former, is responsible for coordinating the respective implementation and day-to-day management with the various departments and business areas which in turn ensure its operational execution. To support this execution, 56 sustainability pivots are assigned to these areas.

The Investor Relations and Sustainability Department works in close articulation and coordination with the Ethics Committee with regard to all relevant actions for the implementation of the sustainability strategy that intersect with ethics and conduct issues.

Likewise, it regularly coordinates with the Integrated Management System (IMS) Coordination Committee, participating in the IMS Forum promoted quarterly by this Committee, but also on a day-to-day basis whenever justified, especially in terms of environmental and Occupational Safety and Health (OSH) areas.

Approach

Additional information on the IMS and the IMS Forum is available on "Transforming Risk into Opportunities".

The **mission and sustainability policy** state our commitment to using the transformative power of information and communication technologies to explore new opportunities that contribute to building a better future for all, that promotes prosperity and creates social, environmental and economic change, optimizing processes and improving the capabilities of people and organizations, and reflect the motto and set of fundamental principles that are the foundation of our performance in this field.

New version of the Sustainability Policy
In 2021, the sustainability policy was revised, in order to reflect more detailed and specific principles for some relevant topics in the sector, also reflecting a greater alignment with the new strategic cycle started this year and with the NOS' Integrated Management System (Quality, Environment and Security).

In establishing priorities for action, in order to ensure adjustment to the evolution of the business and to a market in permanent change, we follow a management logic based on strategic cycles whose planning is supported by a structured and systematic approach based on:

- In the identification of ethical, environmental, and social issues relevant to stakeholders and the organization;
- A strategy of proximity and dialogue with stakeholders, which allows us to know and respond effectively to their main concerns and expectations, and to build solid relationships that promote value creation;
- In the context and trend analysis that we carry out on an ongoing basis to assess the risks and opportunities relevant to the business.

From an operational point of view, these cycles are broken down into annual plans – annual operational cycles.

The sustainability policy is available on our institutional website.

Over the years we have been maturing and improving our management practices and ESG performance. With this in mind, in 2021 with the definition and entry into force of the strategic sustainability vision for the 2021-2025 cycle, two relevant improvements were introduced and interrelated to the process of internal monitoring of strategic execution: (i) Sustainability Forum and (ii) Internal ESG Scorecard.

Sustainability Forum

The Sustainability Forum was created with the aim of increasing the dynamics of coordination and the exchange of information and experiences, promoting a cross-cutting approach to the entire company in the pursuit of common strategic objectives and targets, and to establish a quarterly dynamic of regular and systematic monitoring and reporting to the Management team on the course of initiatives associated with the execution of the strategy and performance vis-à-vis the associated targets. Coordination is carried out by the Investor Relations and Sustainability Department and involves members of the Executive Committee and Directors and/or representatives of the areas with the greatest impact on ESG strategy and performance, as permanent members.

"The Future is Sustainable" Session

With the entry into force, in 2021, of the new NOS strategic cycle and with Sustainability taking on a strategic dimension in the NOS NEXT GEN business development plan, the "The Future is Sustainable" session was promoted, with the aim of presenting the most relevant strategy, commitments and messages to employees, aiming to encourage their understanding and the importance of having a mindset focused on the topic.

This event was attended by 87 employees who rated the topic as very relevant, with a score of 4.81 out of 5.

ESG Scorecard

Following the approval of NOS' sustainability strategy for the 2021-2025 cycle, an ESG Scorecard was defined and approved by the Executive Committee with metrics structured by each of the strategic axes that make up the sustainability strategy. This tool allows recording and reporting to the Executive Committee and Board of Directors, in a systematic and regular way, through a selected set of KPIs, the evolution of the strategy implementation, the associated performance and the milestones reached.

Sustainability Purpose

We inspire a sustainable future
We believe in the power of technology to respond to the environmental and social challenges we face. We are part of something bigger than ourselves and our ambition is to leave a positive imprint on everything we do.

Sustainability mission

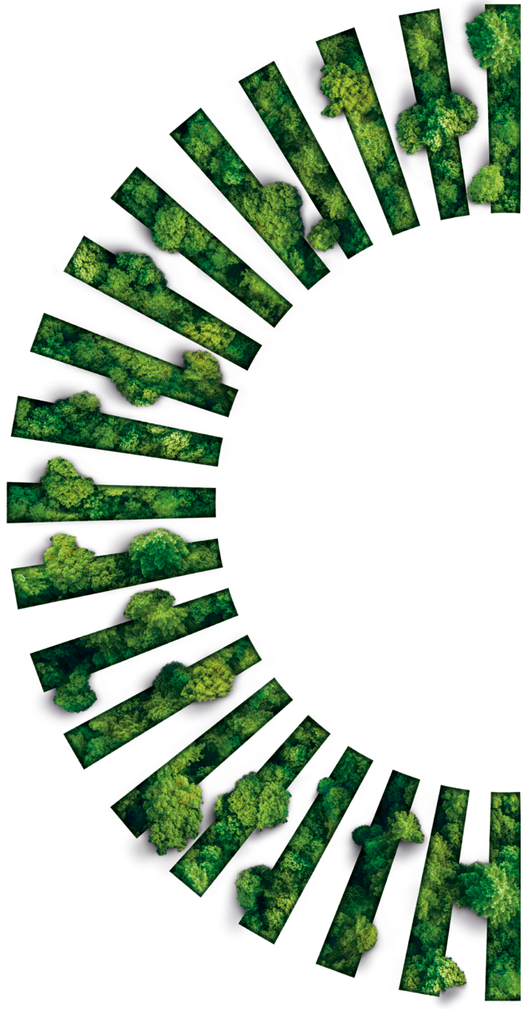
Connected to a world that connects us all
Using the power of information and communication technologies to develop innovative solutions that contribute to an inclusive society, protect the environment, and enhance social and economic transformation.

Our performance is governed by strategic cycles, in order to ensure adjustment to a highly dynamic market and the focus of our action on what, at any given moment, is most relevant to the business and to our stakeholders. In each strategic cycle, strategic priorities are defined that make the sustainability mission tangible. The current strategic cycle corresponds to NOS' third sustainability strategic cycle and is for the first time coinciding with the Group's global strategic planning cycle in order to allow a convergent action plan and statement of the increasingly strategic character that SDG performance assumes for NOS.

ESG strategy aligned with the SDGs

The Sustainability Strategy is aligned with the United Nations Sustainable Development Goals (SDGs), contributing more actively to 11 of the 17 goals, as they are those that are most intertwined with our activity and positioning and, therefore, on which we can add more value, and promote the sustainable development of society. It is organized into four strategic pillars and encompasses clearly defined and ambitious commitments and targets for each of them, facilitating the monitoring and perception of the contribution provided by the respective implementation.

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



Strategic pillars of sustainability

2021-2025 Strategic Cycle

Implemented | In progress | Not implemented

A deep dive on this information is available on "We Generate Value for the Planet and for a more Sustainable Society".

SDG	Pillar	Commitment	Strategic target	Progress level	Status 2021
7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	**ON BEHALF OF THE PLANET** Lead unequivocally in combating climate change and in the circular use of resources, positively influencing the entire value chain.	**Increase the energy efficiency of the operation**	Reduce total energy consumption per data traffic by 75% by 2025 and 85% by 2030, compared to 2015	In progress	**Energy efficiency:** In 2021, we continued to implement energy efficiency measures in the network and data centres, and reduced the indicator of energy consumption per data traffic (GJ/TB) by 18%, compared to 2020. Between 2015 and 2021, this indicator decreased by 85%, reaching the target set for 2030. In 2022, we will establish a new energy efficiency target.
		Use renewable electricity to meet our consumption	Consume 65% of renewable electricity by 2025 and 80% by 2030	Not implemented	**Renewable electricity:** In 2021, we created the conditions for meeting this target, with the signing of a PPA for the supply of renewable electricity and the decision to purchase, from January 2022, 100% of electricity with certification of renewable origin.
		Reduce the carbon footprint in line with climate science	Reduce the carbon footprint of the own operation (emissions of scope 1 and 2) by 50% by 2025 and 75% by 2030, compared to 2015	In progress	**Reducing the footprint:** We completed the accounting of Scope 3 emissions and set new emission reduction targets for 2030 (-90% in Scope 1 and 2 and -30% in Scope 3, compared to 2019), which were approved by Science- Based Targets initiative. In 2021, despite the stabilization of electricity consumption, emissions from own operation increased by 13% compared to the previous year, as a result of the higher carbon content of the electricity consumed. In scope 3, the overall increase was 5%, with the rise in emissions associated with the production of purchased goods and services being offset by the reduction in emissions from the use of increasingly efficient customer equipment. Total scope 1 and 2 emissions were 22% below the 2019 baseline and scope 3 emissions 3% below that value.
			Adopt a Scientific Base Target to reduce emissions, approved by the Science Based Target Initiative	Implemented	
		Contribute to the reduction of emissions in the economy	Reduce, by 2025, customer emissions through our products and services, in an amount higher than the emissions of our own operation	In progress	**Contribute to the reduction of emissions in the economy:** we expanded our portfolio of products and services that reduce customer emissions, with new solutions for communications and collaboration, cloud and data centre, Internet-of-Things and analytics. In 2021, these solutions accounted for 7% of turnover in the corporate customer segment.
		Promote the circularity of the NOS business through the reuse, resale or recycling of network and customer equipment	Annually increase the level of circularity between 2022 and 2025	In progress	**Circularity:** We continued the operation of collecting, refurbishing and reusing equipment used by residential customers of the fixed service (TV boxes, routers and hubs), ensuring the collection of more than 80% of the equipment. We also launched the sale of refurbished smartphones and a pilot programme to take back used smartphones.

Strategic pillars of sustainability

2021-2025 Strategic Cycle — Implemented · In progress · Not implemented

A deep dive on this information is available on "We Generate Value for the Planet and for a more Sustainable Society".

ODS	Pillar	Commitment	Strategic target	Progress level	Status 2021
3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES	**FOR A DIGITAL FUTURE** Promote the digital transformation of society, through democratic access to technology and the inclusion of the most vulnerable audiences.	**Generalize digital access by expanding network and service coverage** **Increase network resilience and emergency situations response in general** **Define a program focused on promoting digital literacy and access to technology for vulnerable groups** **Define a programme aimed at training young people and professionals in the digital skills of the future** **Develop a P&S offer for market segments with less economic capacity, or customers with disabilities** **Inform and raise awareness about security and privacy in the use of products and services** **Implement, through new technological solutions, a P&S offering that responds to social and environmental challenges** **Promote the sustainable development of companies and institutions through their digital transformation**	Increase the% of population covered with 4G/5G by 2025 Train 10K people through programmes to promote digital literacy and training of digital skills of the future, by 2025 500k objects linked by IoT solutions with environmental or social benefits, by 2025	 	**Generalize digital access; increase network resilience and emergency response; promote the sustainable development of companies and institutions through their digital transformation; and implement a P&S offer that responds to social and environmental challenges**: 2021 was a particularly active year, with more than 2000 sites intervened and population coverage with 2G/4G, which increased by 1.6 pp, with a special focus on new dedicated coverages (eg Hospitals, public service areas, COVID testing areas, among others), which help us to be able to provide support in situations of possible emergencies. With gains also in speed, our mobile network has been recognized by several independent partners, such as OOKLA. The fixed network was also reinforced to 5.1 million homes at the end of 2021, of which 2.7 million were covered with optical fiber, 200 thousand more than in the previous year, covering different regions of the territory, such as Ponte de Lima, Vila do Conde or Sintra, among other locations. Strengthening the network's resilience and cooperating with the authorities for a positive response to stressful situations is also a constant investment. The ability to respond to extreme events due to increased climate risk is something we are increasingly investing in. Our support for the digital transformation of companies and institutions and, in this way, for the decarbonization of the economy and other environmental and social benefits has several expressions, from those mentioned in the previous pillar to the smart cities projects, through which we continued to support municipalities to become closer to their citizens and more efficient. **Investing in programmes for digital literacy and access to technology; training programmes for young people and professionals in digital skills of the future; and awareness of security and privacy in the use of products and services**: These actions are closely linked and rise from the awareness that true inclusion, provided by communication and information technologies, is only effective to the extent that the population, in general, is capable of a fluid and safe use and that requires training and education. We have been increasingly associating ourselves with leading initiatives and institutions in this field, such as Muda, or, in 2021, Portugal Digital Skills. We are also preparing a strategic and integrated approach to this topic, which, once implemented, will allow us to move towards the goals set for 2025.

Strategic pillars of sustainability

2021-2025 Strategic Cycle Implemented In progress Not implemented

A deep dive on this information is available on "We Generate Value for our People".

ODS	Pillar	Commitment	Strategic target	Progress level	Status 2021
3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH	MORE FOR OUR PEOPLE Positioning NOS as the best company to work for, promoting diversity and inclusion, and equal opportunities, as well as people's physical and emotional balance	**Promote equal opportunities for personal and professional development for all employees and ensure a rigorous, transparent, constructive and meritocratic performance assessment**	Improvement of the employee satisfaction index	In progress	**Promote diversity and inclusion; enable equal opportunities and development; and redefining the health and well-being program, for a healthier and more sustainable posture**: We want to have a positive impact on our people, in terms of their professional and personal development. We want to be recognized for our commitment to diversity, balance and well-being, and for an inclusive and equitable environment in terms of opportunities, but driven by dynamism and meritocracy, capable of creating and retaining talent. Our ambition to position ourselves as the best company to work for summarizes these commitments and is reflected through various metrics such as satisfaction or pride indexes and evaluating the respective evolution since the reference year (2021) and during subsequent years. On the specific level of gender diversity, we chose to measure the success of our aspirations by monitoring the proportion of women in management positions compared to the 2021 value. 2021 was a year of particular dynamism in terms of both internal (e.g e-Talk "Let's Talk about Diversity and Technology") and external (e.g Portuguese Women in Tech) initiatives to promote diversity, as well as promote empolyees' well-being. We also started the design of a new Performance and Development Model, to be implemented in 2022, maintaining the focus on training that has characterized us.
		Promote diversity, in its different dimensions, and foster a mindset of inclusion in NOS			
		Redefine the health and well-being programme to increase the impact on promoting healthy living in a sustainable way	Increase in the number of women in management roles (= or> Manager), by 2025	In progress	

Strategic pillars of sustainability

2021-2025 Strategic Cycle Implemented In progress Not implemented

A deep dive on this information is available on "Responsible Management" and "We Generate Value for our Business Partners".

ODS	Pillar	Commitment	Strategic target	Progress level	Status 2021
5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS	**ETHICAL AND RESPONSIBLE MANAGEMENT** To be an example in the implementation of best management practices, with a focus on ethics, governance, risk management and continuous assessment of the supply chain	**Promote reflection on the current government model in line with the best practices of structure, evaluation, independence, overpresence and diversity, namely of gender and experience**	Positive evaluation of employees on the company's ethical performance between 2022 - 2025.		**Reflection on the governance model in line with best practices; and act ethically with our employees, customers, suppliers and business partners:** We want to maintain and reinforce the alignment of our governance model with the best practices in structure, evaluation, diversity, and other parameters, diligently incorporating new legal requirements, as well as relevant recommendations, and proactively and gradually determining new guidelines and convergence initiatives. In 2021, we highlight the development and disclosure of the Statement of Commitment for Diversity and Inclusion and the Code of Conduct for the Prevention of Corruption and Related Offenses. At the same time, we maintained and continued to disclose and train new employees and partners on the Code of Ethics, as well as relying on other guiding instruments such as the Sustainability Requirements for Suppliers, and from next year we will begin to monitor how our employees evaluate our ethical performance.
		Acting ethically and responsibly with our employees, customers, suppliers and business partners			
		Promote the reduction of environmental impact and ensure compliance with social criteria in the supply chain	Environmental and social evaluation of 100% of risk suppliers by 2025		**Promote the reduction of environmental impact and ensure compliance with social criteria in the supply chain:** We want to reinforce our current practices of influence and alignment of our suppliers and partners with our guidelines of respect and environmental and social performance, having assumed the commitment to evaluate 100% of risk providers by 2025. During 2021, we started to work towards outlining an approach and roadmap, systematizing and assessing objectives, criteria and support tools, while maintaining the practices already implemented in the organization and described in this report.

Material sustainability topics

At the beginning of each cycle, and in preparation for it, we promote a broad reflection that aims to identify the sustainability topics that are most relevant in the context of our activity and, considering our positioning and business vision, what are the main sustainability drivers and what is relevant to our stakeholders.

The 2021-2025 Sustainability Strategy was concluded after a reflection that considered the results of the internal and external stakeholders listening process carried out in 2020, but also context factors, such as the challenges imposed by the market, regulation, expectations of analysts, among others, reflected in risks and opportunities.

This exercise allowed us to identify the four guiding axes of our performance, reflected in the strategy, and the most relevant sustainability topics that encompass the vision of the main risks and opportunities related to ethical, environmental, and social issues, which impact the ability to generate value for our business and for our stakeholders.

The process followed can be defined in three stages: (i) Identification; (ii) Scoring; and (iii) Prioritization, as illustrated and had as direct output the materiality matrix, also presented.

Additional information on the process may be found on our Consolidated Annual Management Report 2020 (part 2 regarding Non Financial Statements) available on our institutional website.

1. Identification

It consisted of consulting several relevant external and internal sources that allowed us to identify an exhaustive list of 47 topics organized into 9 areas of intervention, which are directly or indirectly linked to our business and its environmental, social and economic impact (risks and opportunities), as well as the interests of stakeholders, and concomitantly with our ability to generate and preserve value in the short, medium or long term.

2. Scoring

The relevance of the 9 intervention areas, as well as the 47 topics, was subject to a scoring process by representatives of many of the most relevant internal and external stakeholder groups for NOS:

(i) customers (private segment, companies and corporate segment);
(ii) employees and management team;
(iii) partners and suppliers; and (iv) investors.

At the same time, the potential impact of the same 47 topics was evaluated, using the sources analyzed in step 1 and applying appropriate criteria for scoring;

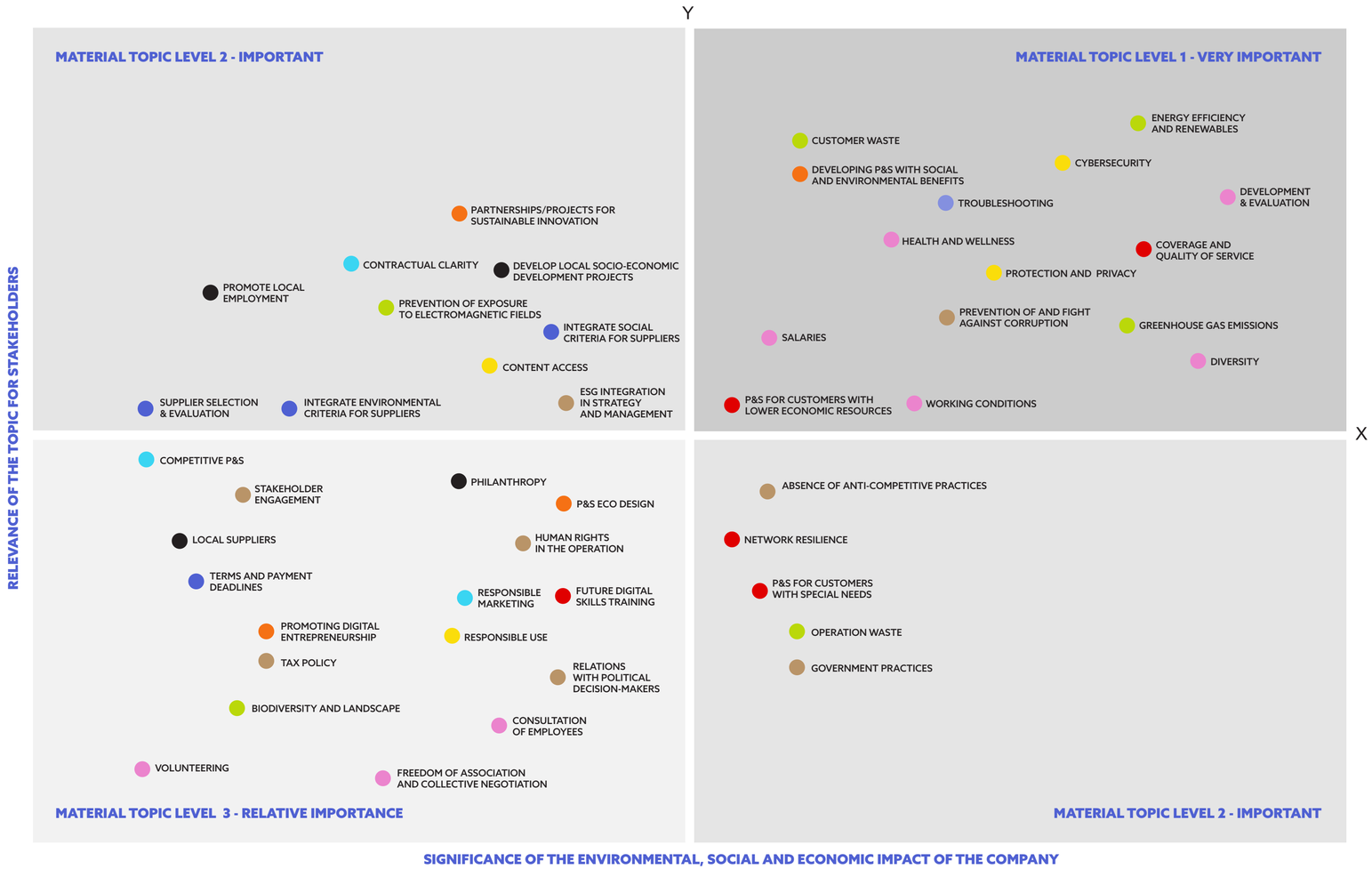
3. Prioritization

Stakeholder assessments were consolidated, considering the importance of each topic and the corresponding area of intervention, and then the two assessments (stakeholders and impact) were organized in a matrix.

The relevance thresholds were established taking into account the positioning in the quadrants of the materiality matrix.

Materiality Matrix

Materiality Matrix



- Reduce the environmental impacts of the activity
- Generalise access to digital technologies
- Ensure security and privacy in the use of products and services
- Promote innovation
- Adopt a model and ethical management practices
- Establish fair and transparent commercial relationships
- Value the employees
- Support the community
- Responsibly manage the supply chain

The prioritization of results, reflected in the materiality matrix, were analysed and in some cases, based on their correlation, were regrouped into broader topics, resulting in the following list of material topics:

Material topics*	Topic definition
Energy and climate	Increase energy efficiency and consume renewable energy. Reducing greenhouse gas emissions in the operation and in the value chain.
Waste management and circular economy	Reducing and recovering waste generated at the facilities and promoting circularity through the reuse, resale or recycling of network and customer equipment, as well as the offer of products and services that integrate recycled materials
Network and service coverage and quality	Increase network coverage and quality of service (e.g., connection reliability, data traffic speed)
Network resilience	Ensuring network resilience and response to emergency situations (e.g., operation in storm or fire situations)
Digital inclusion	Promotion of generalized and informed access to digital technologies, through the general and specific solutions offer for customers with low economic capacity and customers with special needs, as well as investing in initiatives to promote literacy and digital skills
Security & Privacy associated with products and services	Ensuring the protection of personal data and customer privacy and protecting customers and systems from cyber-attacks and fraud. Protect customers, and in particular vulnerable groups (e.g., children and young people), against access to abusive content and illegal activities.
Sustainable Innovation	Promote new technological solutions or innovative application contexts, which translate into an offer or development projects that respond to social and environmental challenges (e.g., connectivity solutions that increase energy efficiency and reduce emissions, telemedicine for isolated populations, smart cities)
Diversity, inclusion, and equal opportunities	Ensuring equal opportunities, diversity and combating discrimination
Evaluation and development	Ensuring career development opportunities and fair and transparent evaluation processes
Work conditions	Ensuring adequate working conditions (e.g., suitability of facilities, working hours, rules for remote work, rights and guarantees of a contractual nature and others)

Material topics*	Topic definition
Remuneration and benefits	Remuneration and benefits package compatible with the duties performed
Safety, health, and well-being	Promote the safety, health, and physical and emotional well-being of employees (e.g., combating work stress, initiatives that promote a healthy lifestyle, motivation, and team spirit)
Fair and transparent business relationships	Clear, simple, and transparent commercial and contractual information and quick resolution of problems related to contracted products and services.
Ethics and conduct	Principles and mechanisms for promoting an integrated conduct that safeguards fundamental ethical factors in conducting business, such as preventing and combating corruption or fair competition practices, among several other aspects legally established or corresponding to good practices
Good Corporate Governance Practices	Adopt a governance structure in line with the best corporate governance practices (e.g., rules on the composition, appointment and responsibilities of management bodies, management remuneration rules, including ESG criteria)
Responsible supply chain management	Integrate social and environmental criteria in the selection and contracting of suppliers e.g., respect for human and labour rights, environmental control, and eco-efficiency practices), ensuring fair and transparent selection and evaluation processes
Contribution to local development	Contribute to local development through business and by promoting or supporting local socio-economic development projects
Prevention of exposure to electromagnetic fields	Ensuring safe levels of exposure to electromagnetic fields generated by network facilities and customer equipment (e.g., mobile network antennas, mobile phones)

* (in some cases they correspond to aggregating topics of the priority topics that were rated)

These topics form the foundation of the strategic pillars and, at the same time, constitute the main focus of the sustainability information report reflected in this report.

The following table shows the relationship between the material sustainability topics, the priority areas of action of the 2021-2025 sustainability strategy and the GRI standards considered (those that best reflect the respective topics).

Strategic pillar (Sustainability Strategy)	Material topics	GRI Standards
ON BEHALF OF THE PLANET	Energy and climate	302-1; 302-3; 302-4; 305-1; 305-2; 305-3
	Waste management and circular economy	306-1; 306-2; 306-3; 306-4; 306-5
	Prevention of exposure to electromagnetic fields	102-11; 416-1; 416-2
FOR A DIGITAL FUTURE	Network and service coverage and quality	-
	Network resilience	-
	Digital inclusion	-
	Security & Privacy associated with products and services	418-1
	Sustainable Innovation	-
MORE FOR OUR PEOPLE	Diversity, inclusion, and equal opportunities	405-1; 405-2; 406-1
	Evaluation and development	404-1; 404-3
	Work conditions	102-8; 102-41; 401-1; 401-3
	Remuneration and benefits	401-2; 405-2
	Safety, health, and well-being	403-1; 403-2; 403-3; 403-4; 403-5; 403-6; 403-7; 403-9; 403-10
ETHICAL AND RESPONSIBLE MANAGEMENT	Fair and transparent business relationships	417-2; 417-3
	Ethics and conduct	102-16; 102-17; 201-4; 205-2; 205-3; 206-1; 307-1; 406-1 407-1; 408-1; 409-1; 415-1; 418-1; 419-1
	Good Corporate Governance Practices	102-18; 102-21; 102-22; 102-24; 102-26; 102-31
	Responsible management of the supply chain	102-9; 102-10; 204-1; 308-1; 407-1; 408-1; 409-1; 414-1
	Contribution to local development	201-1; 204-1; 413-1

6.2.2 RISK MANAGEMENT

Risk management is an integral part of NOS' management culture and one of the fundamental pillars of Corporate Governance.

NOS has a comprehensive perspective of the main risks to which it is exposed, ensuring careful monitoring and assessment of the enabling factors presented both by the external and internal environment, which allows it to identify effective and proportionate management and mitigation responses that safeguard the business and the interest of its main stakeholders.

Risk management model

The risk management system at NOS is based on these main parts:

Risk Assessments

Periodic performance of risk assessments that allow reviewing and prioritizing the main risks, positioning them in a Risk Matrix.

Audits of Management Systems (ISO 9001, 14001, 45001, 27001 and 20000) and External Audit (Statutory Auditor)

Compliance audits (internal and external) covering ISO management system certifications and Statutory Auditors' Report.

Risk Management Policy

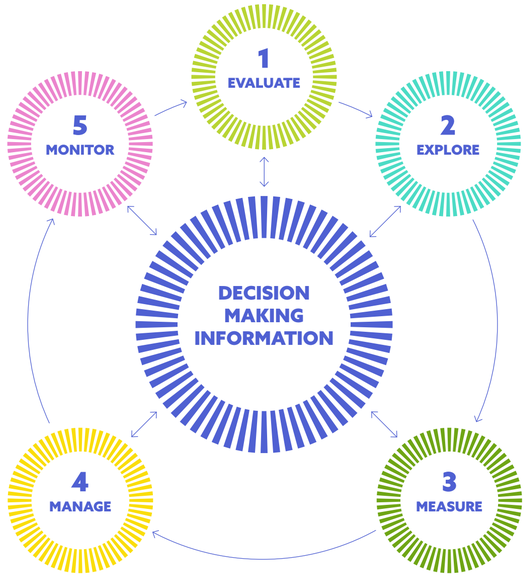
Definition of methodologies, intervening entities, and their respective responsibilities in risk management in the organization. It provides for periodic risk assessment exercises that allow reviewing and prioritizing the main corporate risks that may compromise the performance and objectives of the different areas of the organization.

Internal Control System based on the Internal Control Manual

Systematize, reference and highlight: functional/ financial controls; IT controls; controls associated with the requirements of ISO standards.

The risk management processes are supported by a methodology known as Enterprise Risk Management (ERM), which is a consistent, systematic methodology based on best practices and international standards. It follows 5 stages to prepare information for decision-making that can be applicable either at the corporate level of the companies/businesses of Grupo NOS, or at the level of specific processes/projects: i) Evaluate; ii) Explore; iii) Measure; iv) Manage; v) Monitor.

Additional details on stakeholders, responsibilities and risk management methodologies adopted by NOS, are available on chapter "C.III. Internal control and risk management" of the Corporate Governance Report.



2021 Relevant risks

The process of identifying and selecting the relevant risks for the year 2021 was obtained from the **NOS Business Risk Model** (NOS risk dictionary in force in 2021).

In 2021, all risks were surveyed and broken down into 5 categories, 19 risk subcategories, and 76 risks. Of this total, 24 were considered relevant. To select the relevant risks, 4 criteria were used:

1. Current context risks – These are risks associated with the current context of NOS, especially the external context.

2. Intrinsic risks to NOS' activities – These are the main risks to which NOS' businesses and activities are subject; they also consider relevant risks identified by NOS management within the scope of corporate risk assessments carried out previously and in the specific risk assessments of these certifications:

- ISO 27001 "Information Security Management System"
- ISO 20000 "Service Management System"

3. ESG Risks – These are the risks most directly associated with environmental, social, and corporate governance (ESG) issues; they also consider the most relevant risks identified by NOS in the specific risk assessments of these certifications:

- ISO 9001 "Quality Management System"
- ISO 14001" Environmental management system"
- ISO 45001 "Occupational Health and Safety Management System"

4. Financial risks – These are the main financial risks identified by the External Financial Auditor, in accordance with the standard:

- ISA 701 "KAM - Key Audit Matters"

The application of these criteria made up a total of 24 risks in the categories of Business, Operational and Financial Environment.

Global Identification of NOS' Risks and Highlight of Risks considered relevant in 2021

BRM · Business Risk Model – NOS | 2021 ■ Category ■ Sub-Category □ Risk ■ Relevant Risks

BUSINESS ENVIRONMENT	BUSINESS STRATEGY	GOVERNANCE	OPERATIONAL		FINANCIAL
Politics and Economy	**Strategy and Planning**	**Coporate Governance**	**Human Resources**	**P&S and Customer Satisfaction**	**Financial Performance**
Political Environment	Business Portfolio	Governance Standards	Ethics and Culture	P&S Development	Liquidity
Economic Environment	Life Cycle	Management Fraud	Leadership	Sustainable P&S	FCF | EBITDA- CAPEX
Sector and Market P&S	Planning and Control	**Organization**	Training and Skills	P&S Communication	FCF | Working Capital
Sector Attractiveness	Performance Monitoring	Coporate Structure	Change Resistance	P&S Pricing	**Financial Investments**
M&A	Strategic Partnerships	Skill Segregation and Delegation	Internal Communication and Sharing	P&S Sales and Distribution	Financial Investments
Competition	Investment Assessment		Performance and Recognition	P&S Performance	**Accounting and Reporting**
Technological Innovation	**Brand and Reputation**		Recruting and Talent Retention	Customer Experience Quality	Accounting Standards
Consumer Needs	Brand		Health and Occupational Safety	Service Management Quality	Tax
Shareholders and Financial Markets	Reputation		**Tec-Op. Resources**	Customer Retention	Financial Reporting
Investor Relations	Sponsorship and Patronage		Network and Systems Dev.&Op.	Customer Credit and Collections	
Funding and Capital			Facilities Dev.&Op.	**Business Assurance**	
Financial Markets			Procurement and Suppliers	Revenues and Cost Assurance	
Interest Rate			Stock and Equipment Management	Employee/Partner Fraud	
Exchange Rate			Rights and Licenses Management	Customer/Third Party Fraud	
Legislations and Regulation			**Processes**	**Security & Privacy**	
Legal			Strategic Alignment	Confidentiality	
Regulation			Digital Transformation	Integrity	
			Processes Efficacy	Avalability / Resilience	
			Processes Efficiency	Privacy	
			Compliance	Cybersecutity	
			Contractual Commitments	Catastrophic Losses/ Business Continuity	
			Partners	**Environment**	
			Partners/Outsourc. Management	Environmental Impacts	
			Partner/Third Party Credit and Collections	Climate Change	

In the following matrix we identify and integrate the most relevant risks to which NOS is exposed, according to the 4 criteria mentioned above. The position of the risks in the 4 quadrants of the matrix represents the relative positioning of each one and must be interpreted considering the:

- **Risk Nature**: there are risks that are mostly associated with a quadrant (e.g., Environmental Impacts risk predominantly associated with the Sustainability quadrant); there are risks that are associated with several quadrants (e.g., Credit and Collections risk associated with the financial quadrant, but also Intrinsic to the business and influenced by the Current Context).

- **Risk Relevance**: risks at the top of each quadrant have greater comparative relevance in that quadrant (e.g., Competition risk in the Intrinsic quadrant) han risks at the bottom (e.g., Customer/Third Party Fraud risk in the same Intrinsic quadrant).

In the following tables we identify and describe the relevant risks and the respective strategies and response actions for each risk, in the following order: (i) current context risks, (ii) risks intrinsic to NOS' activities, (iii) risks associated with sustainability, and (iv) financial risks.

Relevant Risk Response Actions

Technologic innovation	Digital Transformation	Legal + Regulation
This risk is associated with the need to invest in increasingly competitive services (high-speed data services, multimedia services, messaging services, multiplatform TV services, cloud services, infrastructure, and information technology services, etc.), which are subject not only to accelerated technology changes, but also to the actions of players that operate outside the traditional telecommunications market, such as OTT operators (over-the-top players). The risk is also related to the evolution of mobile and fixed networks infrastructures and technologies, covering key aspects such as coverage, capacity, speed, security, and resilience, highlighting the challenges of technological evolution associated with the implementation of the 5G network and the applicability of this technology in products and services that bring added value to customers in the consumer and corporate segments.	This risk is associated with changes in the profile of consumers (from physical to virtual) and the company's eventual inability to ensure the digital transformation of traditional business processes that can compromise the company's sustainability.	NOS' businesses are subject to a regulatory framework arising from Community law and specific national legislation, whose changes (e.g., licenses, authorizations, tariffs, etc.) may result in increased competitive pressures and significantly affect the company's ability to conduct business efficiently or even limit the ability to carry out certain operational activities or sales of certain products and services. NOS Group companies are subject to the supervision of the specific regulators of the sectors in which they operate, as is the case of ANACOM in the case of the electronic communications business and the Regulatory Authority for the Media (ERC) for activities related to television services and the provision of audiovisual content. Grupo NOS companies are also subject to horizontal legislation, in which case they may be subject to intervention, among other entities, by the Competition Authority (AdC) and the National Data Protection Commission (CNPD).
NOS has been implementing several technological innovation initiatives that make up the foundations for a long-term competitive differentiation. We have managed this risk through the introduction of technologies, services and content that promote sustainability, mobility, accessibility and proximity, such as: single RAN mobile network compatible with 5G (infrastructure modernization with the upgrade to a single RAN architecture - Radio Access Network); fixed RNG network (continued expansion of the RNG infrastructure - New Generation Networks - including the increase in FttH coverage); multidevice TV services (incorporation of innovative features); Smart Cities solutions (collection and processing of analytical information about municipalities and citizens); creation of the 5G Fund (first fund exclusively intended to actively invest in companies that have technologies and business models that are enabled and leverage 5G technology); promotion of the 5G Accelerator Programme (collaborative innovation programme for start-up companies, promoted by NOS and Amazon Web Services, in partnership with Start-up Lisboa). It should be noted that NOS was the first operator to launch 5G in Portugal and immediately make the 5G network available to a wide range of individual and convergent customers, who began to enjoy the innovative features of 5G, with customers benefiting from a free and without commitment trial of the 5G service, from discounts on the purchase of 5G equipment and the offer of a mobile data ceiling. Also, with regard to the introduction of innovative technologies and services, see the point “Transforming Risks into Opportunities” in this section “Risk Management”. **For additional information, see also the sections “Leading a world of new possibilities with 5G” and following.**	As a result of the current context, we are witnessing an acceleration of the digital transformation of society and the economy. This digitalization has given rise to new habits that are now part of our future. The digital transformation of NOS has necessarily involved the implementation of several projects that deal with intensive and massive data processing (e.g., Big Data, Advanced Analytics), supported by new technologies (e.g., Data Lake, Machine Learning, AI, RPA). The application of different analytical models has also allowed us to deepen our understanding of changes in the profile of consumers. NOS has invested heavily in the digitalization of sales and customer service channels. In this context, in 2021, we highlight the introduction of several improvements and features in the NOS App, as well as the reinforcement of digital marketing platforms and processes (on the NOS website and on social networks). During 2021, we also reinforced the digitization of various business processes with an impact on the customer, such as: increasing dematerialization of the invoicing process through the promotion of the acceptance of electronic invoices; robotization of internal customer management processes; digitization of processes in NOS stores (e.g., paperless, digital tags, queue management system with digital passwords). **For additional information, consult the section “Customer and Digital Centric Excellence”**	The management of existing legal and regulatory risks is streamlined by the Legal and Regulation areas, which monitor the evolution of the applicable legal and regulatory framework, considering the threats and opportunities they represent for NOS' competitive position in the business sectors in which it operates. Within the scope of electronic communications, ANACOM is responsible for ensuring the disclosure and monitoring of compliance with the legislation applicable to the sector, the access of operators to the networks (under conditions of transparency and equality), the promotion of competition and the development of the respective markets. With regard to operators' access to networks, the auction for the allocation of radio spectrum frequencies for 5G, which ended in the 2nd half of 2021 and whose rules had very significant impacts related to competition (with the entry of new competitors in the electronic communications sector) and the investment capacity in the electronic communications sector in Portugal. ANACOM is also responsible for ensuring the disclosure and inspection of compliance with community directives and regulations that have direct application to the sector. During the 1st half of 2022, the process of transposition into national legislation of the European Electronic Communications Code (EECC) is expected to be completed, which aggregates in a single document the four main European directives applicable to the sector (Framework Directive, Authorization Directive, Access Directive and Universal Service Directive). The proposal to transpose the EECC into national legislation includes a wide range of matters, usually linked to consumer protection, which do not arise from the EECC, and which are far from being consensual, in Portugal and in the European Union. Additionally, it is incumbent upon the sectoral regulator to ensure that operators comply with community regulations that apply directly to Portugal, such as the TSM Regulation, which includes the rules for roam-like-at-home and protection of net neutrality, and the Regulation (EU) 2018/1971 that sets maximum prices for intra-European Union communications. ANACOM has continued to monitor the application, in national territory, of the Network Neutrality Regulation. Also noteworthy is the publication of three judgments by the Court of Justice of the European Union (CJEU) with rulings on cases relating to offers from international operators with zero rating, declaring that any zero-rating offer does not comply with the Net Neutrality Regulation by discriminating the accounting of traffic between offers. In the case of NOS, the WTF, LIKE and NOS KIDS offers fall within this type of offer, which may imply a thorough revision of our zero rating offers. There are also other national and community pieces of legislation with an impact on NOS' activity, namely in security matters, such as: Law no. 46/2018 – Legal Regime for Cyberspace Security, with regard to the definition of notification criteria and security measures to be implemented, and the Regulation No. 303/2019 on the security and integrity of electronic communications networks and services, on which ANACOM's first security audit took place. Regarding the most relevant legislation still related to COVID-19 and with a direct impact on NOS' operations, we highlight the exceptional measures to protect consumers, which have been in force since 2020 and during a significant period of 2021, applicable to cases of suspension of services due to non-payment or cancellation of services by customers, with communications operators not being allowed to suspend the provision of essential services (where electronic communications are included) to customers who find themselves in certain situations provided for by legislation (unemployment, drop in income above a certain threshold, infection with COVID-19, etc.). Within the scope of Grupo NOS' audiovisual services, we highlight the publication of the Decree-Law No. 74/2021 that Regulates the Cinema Law with regard to the charge of fees and investment obligations to which operators are subject. **For additional information, consult the section “Context and Trends that Influence and Challenge Us”.**

Talent Recruitment and Retention	Economic Environment	Competition
This risk relates to the possibility that the company does not have adequate policies or practices for recruiting, managing talent or retaining resources. Failure to retain key human resources in the company, with prominent levels of knowledge, experience, or specialization, can lead to high "replacement costs".	This risk is related to the company's activity being conditioned by the socio-economic environment (e.g., demographic factors, strikes, unemployment, etc.) and changes in the economic situation (e.g., disposable income, purchasing power, investment capacity, etc.). NOS, like all companies, has been exposed to the adverse effects of the economic and social environment caused by the COVID-19 pandemic, experienced in Portugal and in the world since the beginning of 2020, having been especially exposed to the general reduction in consumption that affects the various sectors of activity.	This risk is related to the competitive intensity of the market, the potential reduction in the prices of products and services, reduction of market share, loss of customers or increasing difficulty in retaining and acquiring customers.
The current context has raised new challenges in managing teams in remote work, leading to the adjustment of people management policies and practices that contribute to the mitigation of risks related to the recruitment and retention of talent. NOS has several initiatives to minimize this risk, such as: the NOS Alfa and NOS Alfa Tech programmes for the selection and recruitment of highly talented recent graduates; the improvement of recruitment processes, including the reinforcement of the "Talent Acquisition" team and the implementation of a new online recruitment platform; the improvement of features in the Somos NOS Portal (internal portal for managing employees used by managers and by the employees themselves); the Employee Performance and Development Model, designed to support the development, management and recognition of our people and which allows us to value the results obtained, the behaviours displayed and promote meritocracy; the adaptation of the work model to a hybrid model for most employees (from the 2nd half of 2021), including existing and new flexibility mechanisms (e.g. more flexible hours, remote days, scheduling office days through a booking application; the holding of "energization" sessions called "Futura-te", aimed at all employees and promoted by employees, where they had the opportunity to exercise topics related to the strategic axes, the purpose and values of NOS; carrying out sharing actions aimed at all employees on relevant topics related to NOS strategy, performance and people (e.g. "NOS Sync with CEO", "Talk Let's talk about people"). **For additional information, consult the sections from "Connected to our people and the challenges of the future" to "Talent Management".**	In 2021, there continued to be a global recovery in the telecommunications business, considering that the main impacts of the pandemic were reflected mainly until the end of the 1st half of 2020, with the exception of roaming revenues that only started to recover in the 2nd half of 2021, as a result of the greater international people travel. In the cinemas and advertising sales business, there has been a much slower recovery, with expression only from April 2021, as a result of the progressive lifting of lockdown measures. Until that date, there were drops in ticket sales with a direct impact on cinema distribution and exhibition revenues, accentuated by the closing of cinema venues during the 1st quarter of 2021, and the advertising sales business was also impacted by the lower advertisement investment in a more unfavourable economic context. In the case of the cinema business, various marketing actions were promoted with the aim of raising awareness of COVID safety measures in cinemas, providing offers to customers and obtaining alternative sources of revenue for cinema venues (e.g., renting venues, disposal of vacant venues). Additionally, the mitigation of the impacts of the economic environment has also passed through a strong articulation with the actions to respond to the risks of Technological Innovation and Competition, which are also described in this section. **For additional information, consult the section "Context and Trends that Influence and Challenge Us".**	Over the last few years, the management of competition risk has gone through a strategy of investing in the constant improvement of quality, differentiation and innovation of the products and services provided, as well as in the protection and diversification of the offer, the crossing of offers between NOS businesses, reinforcement of the audiovisual rights portfolio and also the constant monitoring of customer preferences and/or needs. In this context, in terms of protection and diversification of the offer, in 2021, the launch of a partnership between NOS and EDP that provides discounts and cross-benefits to its customers, as well as the reinforcement of the business portfolio through the launch of Insurance services (invoice, travel and smartphones). The operational integration processes that have taken place in recent years at NOS have also contributed to strengthening NOS' competitive position. The evolution towards a logic of transformation, whose key objectives are customer satisfaction, organizational fitness, and operational efficiency, have been crucial for strengthening this competitive position. NOS continues to be attentive to possible consolidation and procurement movements in the communications and content and entertainment industries by competitors. Of note is the entry of new competitors in the electronic communications sector, as a result of the auction for the acquisition of 5G frequencies. In this regard, it should be noted that NOS achieved a very positive result in the 5G auction, being the company with the largest amount of spectrum acquired, ensuring the maximum allowed for the operation of 5G technology and a volume higher than any of its competitors, fulfilling the objectives outlined in its leadership strategy. **For additional information, consult the section "Context and Trends that Influence and Challenge Us".**

Cybersecurity	Revenue and Costs Guarantee	Business Continuity/Catastrophic Losses
Critical resources (systems, platforms, infrastructure, other assets) may be potentially exposed to security vulnerabilities that make them subject to attacks, intrusions, alterations, destruction, or other threats, whether internal or external. NOS, like other operators, is increasingly exposed to cybersecurity risks, related to external threats to electronic communications networks and the surrounding cyberspace. As a consequence of the current context, and the increase in remote work in society in general, the risk associated with fraudulent activities with the objective of compromising the information security of individuals and companies has increased.	Electronic communications businesses are subject to inherent operational risks related to the guarantee and monitoring of customer revenues and costs, from a perspective of revenue streams and platform integrity.	The company may potentially not be able to maintain business continuity, namely critical activities or the supply of priority products and services, as a consequence of a catastrophic event caused by a natural disaster or a critical interruption/rupture of technical and operational resources (systems, platforms, infrastructure, facilities), human resources (pandemics), financial resources or other key resources.
The company has developed several initiatives in this area, including the implementation of improvements in cybersecurity operational procedures and the continuous monitoring of cybersecurity risks, such as the adoption of Cybersecurity Ratings, promoting proactive action in mitigating potential weaknesses. NOS reformulated its Cybersecurity Team, with the reinforcement of cyber-intelligence, cyber-strategy, and cyber-defence skills (the latter including the coordination of the already existing SOC - Security Operations Centre). In the context of the increase in remote work in society in general, NOS has implemented measures with the aim of increasing the level of monitoring of external or internal cybersecurity threats and possible misuse of information, including the strengthening of procedural and technological controls. The company has also regularly released remote work guides/ manuals aimed at employees and partners where cybersecurity risks are addressed, as well as various protection recommendations related to online threats aimed at customers. Also, within the scope of employee awareness and training, NOS held e-talk sessions on Security, launched a new e-learning on Security & Privacy and carried out Phishing Awareness actions (ethical phishing). **For additional information, consult the section "Security and Privacy".**	NOS' invoicing processes carry out revenue controls in terms of invoicing quality. Additionally, NOS has a dedicated Revenue Management and Control (Revenue Assurance) team that applies revenue integrity control (under or over-invoicing) and cost control processes with the objective of presenting a coherent revenue and cost chain, from the moment the customer enters the supply systems, through the provision of the communications service, up to the moment of invoicing and charging.	To address these risks, NOS has a Business Continuity Management (BCM) programme that includes Business Continuity management processes that cover facilities, network infrastructures, activities and the most critical functions that support communications services. For these scopes, the company develops and maintains continuity plans and actions, as well as incident/crisis management plans/procedures, more focused on technological areas and other core areas of customer service and support, also covering other relevant support/ corporate areas in certain scenarios. In view of the relevant risk of potential failure of human resources caused by the current context, NOS kept the COVID-19 Crisis Office permanently operational, with the aim of coordinating a wide range of initiatives and structured contingency plans that guarantee the protection of employees and business continuity. Still arising from the pandemic context, NOS has been reinforcing the remote work capacity of its employees and partners, related to remote work means, collaborative tools and respective infrastructure, as well as measures to guarantee the availability of key human and material resources with partners and suppliers. NOS has also implemented several strategies and measures to protect not only the critical functions that guarantee the continuity of the business, but also the generality of its employees and partners, described in the Occupational Health and Safety risk. **For additional information, consult the sections "Security and Privacy" and "A resilient and available system".**

Availability / Resilience	Customer/Third Party Fraud	Privacy
This risk is related to the possibility that information or resources (systems, platforms, infrastructure, other assets) may become unavailable or lack the necessary resilience capabilities to withstand an incident and to continue to provide the company's information and products and services. Bearing in mind that NOS is the largest communications and entertainment business group in the country, its businesses make intensive use of information and information and communication technologies which, like other operators, are typically subject to potential availability failures. In the electronic communications sector, services are real-time (e.g., voice, data/Internet, TV, SaaS), so customers typically have a low tolerance for interruptions.	Fraud perpetrated by customers, or third parties is a common risk in the communications industry. Fraud perpetrators can take advantage of potential vulnerabilities in business, network, or communications services processes.	Privacy risks are increasingly relevant, mainly associated with legal and regulatory requirements on the protection of personal data, a fact that is transversal to all sectors of activity and also applicable in particular to the electronic communications sector, which is subject to specific regulations on security and privacy. There is a risk that information on personal data of customers or employees may not be completely protected, in order to safeguard legal requirements and the fundamental right of each individual to decide who should have access to the data.
As an integral part of managing this risk, NOS has the aforementioned Business Continuity Management (BCM) programme, under which plans, and actions are also developed to improve the availability and resilience of services. In this context, we would like to highlight the Network Resilience Programme, which included the revision of the objectives for the recovery of services in the event of a communications network failure, as well as the definition of a plan for the implementation of various actions to improve the resilience of the network's infrastructures and services. Reference should also be made to the continued improvement of processes and tools associated with the management of communications networks and services, in accordance with the requirements of the ANACOM Network and Services Security Regulation. **For additional information, consult the sections "Security and Privacy" and "A resilient and available system".**	Considering this reality, NOS has teams dedicated to fraud control, including subscription fraud, consumption fraud and content fraud. With the aim of promoting the safe use of communications services, it has been developing several initiatives and implementing controls, including the provision of an internal platform with information on the risks of fraud and service security, as well as the continuous improvement of the monitoring and mitigation processes of these risks. Fraud controls are implemented in order to avoid anomalous situations of fraudulent consumption or misuse of services, with a direct impact on customer satisfaction, on the eventual disruption of the service and on the company's revenues, such as fraud associated with the illegal provision of premium TV channel content or phishing actions via SMS aimed at NOS customers. NOS has been a subscriber, for several years, to the initiatives promoted by the international association of operators (GSMA), namely the Fraud and Security Forum (FASG - Fraud and Security Group). **For additional information, consult the section "Fighting content fraud".**	To address these risks, NOS develops and maintains a programme of initiatives with the objective of implementing processes for the Protection of Personal Data, as well as to monitor and continuously improve compliance with the General Data Protection Regulation (GDPR) and other regulations with an impact on privacy. We highlight, as examples, the revision/creation of Privacy Policies and Rules, the strengthening of controls and monitoring of the processes for exercising the rights of personal data holders by customers within the scope of the GDPR, as well as the continuous strengthening of costumer management processes (consents, authentication, etc.). NOS employees and partners assume obligations of confidentiality, secrecy, and protection of personal data, by signing terms of responsibility and data processing agreements, as well as by participating in awareness-raising and training actions on Security & Privacy. **For additional information, consult the section "Security and Privacy"**

Occupational Health and Safety	Climate change	Environmental impacts
As a result of the COVID-19 pandemic, this risk has taken on a very significant importance since 2020, becoming a critical risk in 2021 and with a high probability of continuing in the following years.	This risk is related to environmental sustainability and climate change, namely the possibility of the company not incorporating these relevant factors into its long-term strategy or failing to adapt to climate change and transition to a carbon neutral economy. It is also related to how the company addresses the resilience of its critical services (e.g., communications networks) in the locations where it has operations that may be affected by climate change or extreme weather conditions (e.g., fires, hurricanes, other adverse weather events).	This risk is associated with the company's activities that can cause harmful environmental impacts associated with the consumption of resources (energy, water, paper, etc.), the production of waste (electronic equipment, batteries, etc.) or the emission of greenhouse gases. It is also associated with the way in which the company incorporates in its activities and in the development of products and services the responsibility to reduce the impacts of the environmental footprint, including the need for energy efficiency and renewable energies.
NOS has maintained a COVID-19 Crisis Office since 2020, with the aim of coordinating a wide range of initiatives and structured contingency plans that guarantee the protection of employees. The main strategies for the protection of employees applied since the initial phase of the crisis have been remote work for most employees, the use of personal protective equipment (PPE) for roles exposed in the field, personal protection, and hygiene measures at the workplace, as well as the provision of seasonal flu vaccines. Additionally, NOS is very attentive to its employees and their needs, having developed during 2021 several initiatives to improve health and well-being, proximity to employees, as well as promote a healthier and sustainable work environment and lifestyles. We also highlight the launch of several surveys among employees, including an Assessment of Psychosocial Risks, a Survey on the Future Work Model and the Annual Survey on Occupational Safety and Health. **For additional information, consult the section "Safety, health and well-being".**	NOS is a signatory to several global initiatives aimed at reducing carbon emissions and promoting sustainable development, such as the "Business Ambition for 1.5°C" movement launched by the UN and the "2020 Lisbon European Green Capital Commitment – Climate Action Lisbon 2030". During 2021, NOS reinforced its commitment to adopting ambitious practices for the protection of the environment, by being the first Portuguese company to sign the "Declaration of the European Green Digital Coalition" (which aims to contribute to a green and digital transformation of the EU) and by joining the "Digital with Purpose" movement (in which large technology companies commit to accelerating compliance with the Paris Agreement and the United Nations Sustainability Goals by 2030). It is also worth noting that, at the end of 2021, the NOS emission reduction targets were validated by the "Science Based Targets Initiative" (SBTi evaluates and approves science-based reduction targets undertaken by the business sector, thus accelerating the transition to a low carbon economy). NOS also maintains its participation in the "CDP Climate Change", which includes an annual exercise to identify and characterize risks and opportunities related to climate change, with a view to disclosing complete, rigorous, and transparent information to the market on how the measurement and the management of these risks and opportunities are integrated into the business. Regarding the way in which the company addresses the resilience of its critical services in the face of climate change or extreme weather conditions, see the point "Turning Risks into Opportunities" in this section "Risk Management". **For additional information, consult section "We generate value for the environment and for a more sustainable society".**	To respond to this risk, NOS has a programme to improve the energy efficiency of its operations, thus limiting electricity consumption, reducing exposure to risk and consequently also to the potential financial impact of the increase in electricity prices on our operating costs. Within the scope of mitigating environmental impacts, in 2021, a pioneering agreement between NOS and EDP for the purchase of renewable energy in the long term, which is a Power Purchase Agreement with a duration of 11 years, and which assumes the construction of a new wind farm and the supply of green electricity for NOS operations. With regard to the reduction of environmental impacts associated with the development of products and services, it should be noted that the NOS Sustainability Policy is committed to developing products and services that enhance the digital transformation of society, with a positive impact on the quality of life, and that contribute to the reduction of the environmental footprint of other organizations. **For additional information, consult section "We generate value for the environment and for a more sustainable society".**

Sustainable Products & Services	Products & Services Performance	Customer Experience Quality
This risk is associated with the possibility that the company may not adopt practices that promote the existence of products and services perceived as sustainable, may not incorporate the need to develop innovative products and services with social and environmental benefits, or may fail to develop responsible networks. It is also associated with the company's potential inability to generate positive impacts for society, in order to increase accessibility by the population, reducing info-exclusion and enhancing diversity.	There is a risk that products and services may be potentially subject to non-conformities, failures or performance and reliability problems, which may not meet customer expectations or result in complaints.	This risk is related to the possibility that customer interaction processes do not consistently meet or exceed their expectations. Applies to customer experience at various physical or digital touchpoints (e.g., contact centres, stores, customer home, websites, Apps).
As a result of our investment in innovating and providing products and services to the Portuguese that are increasingly efficient from an environmental and social point of view, we highlight some of the most relevant actions: SIM cards are produced from 100% recycled plastic; the new Nvidia Shield box is available with the first ecological self-installation kit from NOS, in a box produced with 100% recycled cardboard that uses water-based inks, with a packaging that does not use single-use plastics and with the self-installation guide that is printed on recycled paper; the new Wi-Fi 6 GiGa Router is the first to be produced with 100% recycled plastic, which allows for a 50% reduction in the impact on CO2 emissions and includes the Target Wake Time feature that allows longer battery life for mobile devices and IoT connected to the router via Wi-Fi, reducing energy consumption by up to 7 times; the renewal of the agreement with the "União das Misericórdias Portuguesas", which aims to create a set of benefits in the scope of electronic communications and related services for the "Santas Casas de Misericórdia" in Portugal, as well as the implementation of innovative technological projects and solutions with a social impact, mainly aimed at senior home support. **For additional information, consult the section "Products and Services with Environmental and Social Benefits".**	As a result of an increasingly digitized and connected economy and society, the demand for communications companies to ensure the performance of their services has increased. In order to mitigate the risk of communication services being provided with poor or lower than desired quality (e.g. network coverage and quality, service execution/delivery speed, unsuitable equipment), NOS has implemented several actions such as: adjustment and strengthening of the capacity of mobile and fixed networks, to respond to changes in standards and the increased needs of residential and corporate customers in the context of remote work and digitalization; reinforcement of resilience measures in the infrastructures and systems of the communications network; introduction of new ranges of equipment that allow better quality of service (e.g. TV boxes; Wi-Fi routers); reorganization of technical assistance teams focused on the residential segment; reinforcement of the support model for critical customers in the corporate segment and public administration. Also noteworthy is the growing application of analytical models that allow us to proactively identify causes for service degradation, accelerate the process of detecting and resolving malfunctions and recommending to customers the best actions to resolve them. It should also be noted that, as additional risk mitigation measures, in the event of customer complaints related to physical damage caused by NOS or service failures with contractual breach with proven impacts on the customer, NOS has civil liability and professional civil liability insurance. **For additional information, consult the sections "Leadership in Next Generation Networks" and "A resilient and available system".**	NOS has implemented several initiatives to increase the focus on the customer (customer centric) in the various sales, customer service, technical support, customer service and similar processes, in order to facilitate the resolution of problems associated with the contracted products and services. Our activities and processes are planned in order to enable continuous improvement, efficiency, and simplification with a view to customer satisfaction. As a driver of this improvement, we have introduced more analytical models that have allowed us to improve knowledge of customer needs at points of interaction with NOS (e.g., telephone sales, telephone service, technical support) and consequently trigger measures to improve these interactions. We have also implemented simplification measures such as providing customers with a communications contract summary template with all the relevant contractual information (replacing and further simplifying the previous Simplified Information Sheet) and the provision on digital channels of more advanced account management features and services (e.g., NOS App, NOS Net App, Cinemas NOS App). In addition, we have processes for monitoring and recurring evaluation of the degree of satisfaction of our customers and we maintain the ISO 9001 certification (Quality Management) through which an external entity audits and certifies that NOS consistently provides its customers with processes and services that comply with quality standards. **For additional information, consult the sections "Customer and Digital Centric Excellence" and "Dematerialization and Process Eco-efficiency".**

P&S communication	Credit and Collections	Taxation	Liquidity + Interest Rate
This risk relates to the possibility that the communication of products and services may not be in accordance with the intended positioning, in line with the brand and image values, convey the differentiating characteristics of the product and service or be oriented to the target audience. It is also related to the possibility that the company may fail to promote responsible marketing and communication (e.g., clarity of information, transparency, etc.) on the characteristics, contractual conditions and tariffs of products and services.	These risks are associated with the reduction of customer receipts due to the possible ineffective or deficient operation of the collection procedures calendar and/or changes to the legislation that regulates the provision of essential services and that have an impact on the recovery of customer debts.	NOS is exposed to the evolution of tax legislation and possible interpretations of the application of tax and parafiscal regulations in different ways.	These risks are generally associated with expected drops in cash flows or variations in their timing, which may expose companies to the inability to meet financial or operational obligations in a timely manner or to the need to take out new loans, as well as interest rate variations that may generate lower-than-expected investment income, higher-than-budgeted borrowing costs or debt costs exposed to high volatility. As a result of the COVID-19 pandemic, there is still uncertainty in the financial markets with the likelihood of increased costs in accessing funding in future periods.
We aim to provide our customers with excellent products and services, and the communication of products and services is an integral part of this objective of excellence. The communication of products and services goes through a process of alignment with the brand values and image of NOS, being articulated and validated by the Brand and Communication department. With regard to responsible communication, in addition to ensuring compliance with agreed conditions and applicable legal and regulatory requirements, we have invested in providing complete, clear, and rigorous information, necessary for customers to make an informed and enlightened decision. In this context, we highlight the following points: subscription to the Code of Conduct of the Advertising Self-Regulation Association (formerly the Civil Institute of Advertising Self-Regulation); the provision of the conditions for offering communications services on the main page of the NOS website, at points of sale and in the documentation delivered when procuring products and services; the provision of the contract summary template for communications services with all the relevant contractual information (replacing and further simplifying the previous Simplified Information Sheet); the provision of invoice communications with minimal detail to customers (with an express indication of the date on which the loyalty period ends, if any, and of the charges to be paid by customers in the event of early termination of the contract). **For additional information, consult the section "Fair and transparent relationships with customers".**	The mitigation of these risks is carried out through the definition of a monthly plan of collection actions, its monitoring and validation and the evaluation of results. Whenever justified, the collection procedures calendar and timing of the actions are adjusted in order to guarantee the receipt of customer debts. The objective is to ensure that the amounts owed are effectively collected within the negotiated periods without affecting the financial health of the company. NOS has specific areas for Credit Control, Collections and Litigation Management and, for certain business segments, it also subscribes credit insurance. During several periods of 2021, the specific temporary legislation related to the COVID-19 pandemic remained in force, which prohibits the suspension of essential services, which include electronic communications services, to customers who are in certain situations provided for in the legislation (unemployment, drop in income above a certain threshold, COVID-19 infection). The legislation provides for the possibility for customers to request the unilateral termination or temporary suspension of communications contracts, without penalties or additional clauses for the customer or compensation for the supplier. In the event of outstanding amounts relating to the provision of the service, a payment plan must be agreed upon. Thus, this legislation will continue to have an impact on the collection capacity with customers, with an effect that may last beyond 2021. (*1)	NOS acts in accordance with the best tax practices in the market, incorporating in its tax strategy the commitment to ensure compliance with applicable tax legislation and regulations, resulting from the economic and social activity it conducts, through the adequate payment of taxes, contributions and other taxes that are due. To this end, it has the Financial and Assurance Services Department, which monitors all tax regulations and seeks to ensure maximum tax efficiency. This department can be supported by external consulting whenever the issues under analysis may be more critical and, therefore, require an interpretation by an independent entity. Also, as a consequence of the COVID-19 pandemic, the possibility of taking advantage of the legislation issued in 2020 and 2021 that allows, for example, the extension of the deadlines for submission to the Tax Authority of obligations regarding tax returns or suspension of specific deadlines within the scope of the IRC. (*1)	In this context, NOS has a robust capital structure, as well as a liquidity position that has been reinforced with refinancing operations under stable market conditions. Within the scope of financing operations, NOS was also the first telecommunications operator in Portugal to issue sustainable financing lines, so that today a part of the cost of such financing is indexed to the performance of the NOS in terms of Sustainability. (*1)

(*1) In the annexes to the Financial Statements, namely in the section "Risk Management Policies", it is possible to obtain more specific information on financial risk management policies, as well as on the way in which the risks associated with the financial statements are managed and controlled.

TRANSFORMING RISK INTO OPPORTUNITIES

Through a proactive and continuous improvement attitude, we seek to identify and materialize opportunities associated with risk-enhancing factors, which reconcile the protection of the business with the maximization of value for stakeholders.

The continuous improvement of our processes and activities is a relevant element of our organizational culture and the sustainability of our operations. Part of our commitment is to adopt the best market practices. To this end, we make use of a range of management systems certified in accordance with benchmark international standards based on this philosophy.

NOS Certified Management Systems

Our certified management systems cover the following domains:

- Integrated Management System:
  - ISO 9001 "Quality Management System",
  - ISO 14001" Environmental Management System",
  - ISO 45001 "Occupational Health and Safety Management System"
- ISO 27001 "Information Security Management System", and
- ISO 20000 "Service Management System".

The investment in the certification of processes to guarantee the high quality of our products and services and the satisfaction of all those involved was renewed in 2021 through the successful recertification of all the above mentioned Management Systems, audited by Bureau Veritas (certifying entity), zero non-conformities having been recorded.

Additional information on these certifications and respective scopes is available on our institutional website.

IMS Forum

The IMS Forum is promoted by the Risk and Compliance area, integrated in the Audit, Risk and Compliance Department. This area has the role of coordinator of the Integrated Management System (IMS) Coordination Committee. The Committee has the sponsorship of the Executive Committee and is composed of Pivots from different Departments/Areas of the Company. The Forum meetings are one of the fundamental pillars for the IMS management and aim to promote the sharing of information between the areas of the company most directly involved in the issues of quality, environment, and OHS, optimizing their interaction and promoting participatory decision-making processes.

Within the scope of the IMS Forum, we can highlight the following initiatives developed in 2021:

- Strengthen the Internal Audit Programme;
- Development of a new Safety and Security check list, to support Internal Audits;
- Revision of the Environmental Aspects and Impacts Matrix;
- Revision of the Occupational Security and Safety Hazards and Risks Matrix;
- Strengthen the employee action plan regarding Personal Protection Equipment (PPE) for physical, ergonomic, mechanic and electric risks;
- Development of an IMS Activity Report in line with the Sustainability strategy, as a way to raise awareness in the main areas responsible for larger strategic impact in improvement actions;
- Consolidation of IMS KPIs, supported by a monitoring platform of audit findings and improvement actions within the areas.

ESG AMBITION

Our determination to have a differentiating ESG performance and the encouragement we receive from investors and the financial community drive us to align with good practices reflected in international benchmarks in this domain (e.g., CDP, Moody's ESG Solutions, Sustainalytics, MSCI) and are materialized in a dynamic and integrated agenda in the various areas of NOS. We highlight some examples of the risk/opportunity dichotomy that emerge from this proactivity:

99%

NOS' Integrated Management System, in its Quality and Environmental domains, encompasses 99% of Group Employees

All management systems implemented in accordance with ISO standards were recertified in 2021 with zero non-conformities

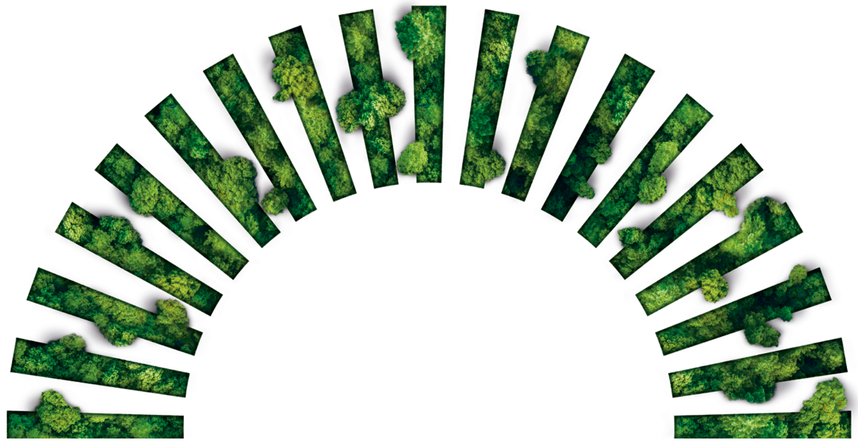
RISK: Technological Innovation | **STRATEGIC PILLAR: For a digital future**

OPPORTUNITIES:
Expansion of the low carbon services portfolio

We are exploring the opportunity to expand our portfolio of low-carbon solutions that respond to the growing needs of B2B customers, taking advantage of the technological innovations that have emerged in the use of electronic communications combined with IoT and Cloud-based solutions.

The market potential associated with the possibility of carbon reduction from information and communication technologies is substantial. This point is especially relevant for the B2B segment, where customers are increasingly looking for solutions to reduce their energy consumption and carbon footprint. To explore the market potential of this customer segment, we carry out targeted research of market trends and develop specific solutions, namely IoT projects, in close cooperation with customers, which later became commercial portfolio solutions.

In this way, we have identified a clear market opportunity for the expansion of our portfolio of low carbon services that includes solutions such as collaborative communication (Collaboration), Internet of Things (IoT), fleet management (NOS Follow Pro), data storage (NOS Data Centres) and cloud computing (Cloud). We also expanded to remote monitoring and management solutions with new analytical capabilities (Analytics) that allow our B2B customers, for example, to optimize fleet management, reduce missions to facilities to carry out measurements and maintenance (identify preventive maintenance needs to avoid shutdowns), improve management and smart metering in industrial facilities (energy, water, gas, and compressed air), that is, factors that induce significant reductions in carbon emissions.



RISK: Climate Change | **STRATEGIC PILLAR: On behalf of the Planet**

OPPORTUNITIES: Strengthening the network's resilience to extreme weather events

1. The increase in the frequency and intensity of extreme weather events (e.g., storms and floods) and their consequences (e.g., forest fires) may cause potential damage to our network infrastructure, leading to interruption in the provision of communications services. Therefore, in response to climate change, we identified an opportunity to strengthen the resilience of our communications network and thus ensure a greater degree of confidence to our customers regarding the continuity of our services. In this context, we have included in the NOS Business Continuity Management (BCM) programme emergency situations caused by natural disasters (e.g., storms, floods, and fires). Below we highlight some of the actions taken:

- We also carried out an assessment of several resilience scenarios to ensure that, in the event of an internal failure or caused by an external event, the network has the ability to continue to provide services with the desired levels of availability and quality.
- We reinforced our processes for identifying, assessing, and mitigating the risk of forest fires, in which for technical sites classified as having "high risk" we implemented specific maintenance plans, with additional suppression of vegetation in the surrounding areas and cutting of trees, whenever necessary.
- For infrastructures considered critical for business continuity, we identified additional resilience measures: we implemented measures to permanently monitor IPMA alerts; we have adopted alternative radio relay solutions to protect the most vulnerable communications; we have set up contingency plans that allow for automatic change of transmission links to alternate settings; we leased satellite redundancy capacity, which allows for a faster recovery of communications in the affected areas and we extended the solution to the autonomous regions of the Azores and Madeira; we strengthened battery systems to respond to power outages.

OPPORTUNITIES:
Improved energy efficiency

2. Changes in average temperatures can increase the risks associated with the operating conditions of our communications infrastructures and data centres, causing increased cooling needs and consequent increase in energy costs. In this context, and because a global increase in the cost of electricity is also expected due to climate change, we have identified an opportunity to increase the energy efficiency of our operation and, therefore, reduce operating costs.

Thus, we defined a programme to improve energy efficiency, applied continuously in all our operations: communication network infrastructures (base stations, MSCs, Head Ends), data centres, stores, and office buildings. We highlight the following examples:

- In several critical technical installations, we implemented free cooling solutions, in which the system uses outside air to cool the equipment, reducing the use of HVAC units.
- In the data centres, the technical corridors were equipped with cold curtain systems in order to reduce the need for cooling, variable speed engines were installed, and LED lighting was installed.
- In the mobile network, we tested several intelligent network management features that can be activated in periods of low traffic, allowing to optimize the operation and the respective energy consumption.
- In the mobile access network, considering the migration of technologies with separate 2G, 3G and 4G equipment to single equipment throughout the national territory, we took advantage of the modernization and reinforcement of the network capacity to install more energy efficient equipment.

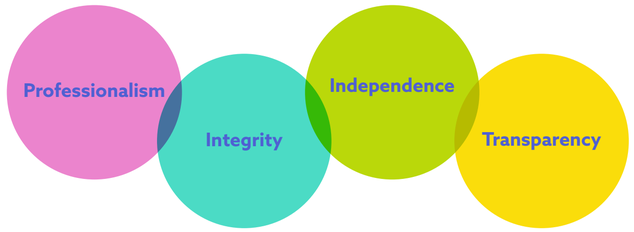
6.2.3 ETHICS AND CONDUCT

The firm commitment to act ethically and responsibly with our employees, customers, suppliers, and business partners requires the daily alignment of everyone.

Trust is a fundamental asset in the conduct of our business, without which it is not possible to establish lasting relationships with our stakeholders, necessary to achieve our goals and ambitions and to build a base of long-term value. Building this trust requires constant effort, based on clearly defined and communicated ethical and responsible business principles, and a conduct aligned with them.

Professionalism, integrity, transparency, and independence are fundamental ethical and responsible business principles at NOS as far as they reflect the way in which we want to conduct our activities and our relationships with stakeholders. These principles, which must be applied and complied with under all circumstances, support our ambition and the growth objectives we want to achieve and are enshrined in our code of ethics.

Fundamental ethical principles: represent the core ethical values of NOS



Enshrined in the NOS Code of Ethics

How we manage ethical issues

Aware of the impact of ethical issues on the reputation of NOS, and in order to ensure the alignment of the entire organization with the ethical values we advocate, we have tools, structures and mechanisms that guarantee a careful management of these matters, of which we highlight as foundations:

- The Code of Ethics;
- The Ethics Committee;
- The Annual Action Plan for Ethics that integrates the aspects of training and communication in ethics.

In addition to these foundations, which frame the principles and management of ethical issues as a whole, there are several policies and instruments that regulate said issues at NOS, such as those mentioned in "A Responsible Management", of a more targeted and/or detailed nature that are articulated with the Code of Ethics and implement the application of the general principles established therein, as well as in the applicable legislation/regulation, to specific issues and operational contexts.

Among the other tools that support the conduct expected of each person in charge or employee of NOS, it is highlighted in 2021, the revision of the Guide that guides the posting of content on social networks and online behaviour in matters concerning the Group's Companies and the NOS brand.

Code of Ethics
The Code of Ethics, published in its first version in 2015 and revised in 2019, was created with the fundamental objective of sharing a set of principles and rules that should govern the internal and external relations of the NOS Group companies with their stakeholders, as well as to promote and encourage its adoption by all members of the NOS' governing bodies and employees, and also, with the necessary adaptations, to all those who represent or provide services to the NOS Group.

Guide to a Responsible Online Presence
This guide aims to guide employees on the principles to be considered in the way they operate in the various digital channels, replacing the 2017 Guide for an Online Responsible Company.

The guide frames and explains in practice the main principles and guidelines to be considered in this context and recalls the hierarchy of institutional communication, identifying the levels of confidentiality of information defined in the Company.

Tips for optimal use of LinkedIn
With the publication of the Guide for a Responsible Online Presence, tips for an optimized and enhanced use of LinkedIn were also provided and disclosed to employees.

CODE OF ETHICS

Themes encompassed by the Code of Ethics

- Meritocracy
- Team Spirit
- Legal and regulatory compliance
- Adequate usage of resources and information
- How to prevent bribery and corruption
- How to prevent conflicts of interest
- Fair competition
- Labour and human rights respect
- Diversity and equal opportunities
- Non discrimination
- Sexual and moral harassment combat
- Transparency of provision of accounts
- Employee and customer privacy
- Customer data privacy
- Honesty, cordiality and other aspects related with civic conduct
- Environmental and socially sustainable conduct

Short-version of the Code of Ethics for Suppliers and Partners
In order to facilitate the understanding and adoption of the principles and rules described in the Code of Ethics by Suppliers and Partners, who must ensure their strict compliance, since 2016 the practice has been adopted of providing these players with a short version of the code of ethics.

ETHICS COMMITTEE

The NOS Ethics Committee's mission is to monitor, with impartiality and independence, the disclosure and implementation of the NOS Group's Code of Ethics. Among other responsibilities, it is responsible for:

- Receive and respond to requests for clarification and expression of concerns related to the Code of Ethics and its compliance;
- Prepare opinions on measures to be adopted as a result of investigations; and
- Ensure the compliance of the ethical performance management system with the requirements established in the Company's internal control system.

Requests for clarification or the expression of concerns related to the Code of Ethics or its compliance, originated by Employees, Partners, Suppliers, Customers or third parties, must be addressed through the appropriate email for this purpose, provided on the NOS website and on the intranet (comitedeetica@nos.pt).

The information treated in the Ethics Committee is confidential and restricted. Thus, the Ethics Committee also addresses situations raised anonymously and guarantees anonymity in order to ensure trust in the process.

Additional information on Committee Resposibilities as well as its composition and activity is available on our institutional website.

Activity indicators of the Ethics Committee
Indicators of the Ethics Committee's activity are compiled annually and disclosed internally to employees. In 2021 these indicators revealed that:

- During the year, the Ethics Committee registered 17 requests for clarification and 26 alleged irregularities were reported, through the email comitedeetica@nos.pt
- 5 of the 26 reported situations were consequential after investigation, leading to a warning/reprimand.

Training and communication in ethics

Only through the consistent and regular application of our ethical principles is it possible to maintain the trust of our stakeholders, which implies a continuous commitment to raising awareness and understanding the scope of these topics. In this sense, NOS defines and implements annual action plans for ethics, which involve training and communication actions on these topics for employees, partners and suppliers. The goal is to enhance knowledge and understanding on available Ethics Policies and Codes, achieving larger clarity and alignment on less ethical behaviour.

17 Requests for clarification

REQUEST ORIGIN
- 2 of Supplier or Partner
- 15 of Employees

TYPE/NATURE
- 7 Conflicts of Interest
- 6 Responsibilities
- 2 Improper Behaviors
- 1 Bribery, Extortion or Rewards
- 1 Information Misuse

26 Alleged irregularities reported

REQUEST ORIGIN
- 14 of Supplier or Partner
- 4 of Employees
- 3 of Customers
- 3 of the Community
- 2 of unidentified origin

TYPE/NATURE
- 13 Responsibilities
- 7 Improper Behaviors
- 2 Conflict of Interest
- 2 Assets Misuse
- 1 Information Misuse
- 1 Others

5 Consequential with the code

COMMUNICATION ORIGIN (STAKEHOLDER)
- 2 of Supplier or Partner
- 2 of Customer
- 1 of Community

5 Warning/ Reprimand

TYPE/NATURE
- 3 Improper Behaviors
- 1 Information Misuse
- 1 Conflicts of Interest

Supports initiatives for Employees and for Suppliers and Partners

Annual ethics training and communication programme

Employees

Partners and suppliers

Know and understand the available Policies and Codes in terms of ethics, obtaining greater clarity and alignment on behaviors that may be considered less ethical.

e-learning on ethics
The training plan for Employees provides for mandatory e-learning on the Code of Ethics, which is an integral part of the welcoming process new of Employees, at which time an individual statement of commitment to compliance with the Code is signed.

In order to ensure the interest and motivation of the trainees and thus increase the content apprehension rate, the e-learning "Ética na NOS" has a configuration as practical and dynamic as these topics allow, using fictional but concrete examples and gamification techniques.

Main goals of the e-learning on ethics

1. Know the NOS Code of Ethics and the policies related to certain ethical topics;
2. Know the Group's ethical principles and rules;
3. Realize each person's role and responsibilities in complying with these principles and rules on a daily basis;
4. Understand the impacts that each person's behaviour assumes for NOS;
5. Know which mechanisms are available to report an alleged irregularity or clarify doubts and concerns.

The rate of completion of this e-learning in 2022 was 97.66% (new employees).

Let's talk about ethics
An open and co-creative way of discussing ethics at NOS.

The "**Let's talk about ethics**" consists of open sessions for sharing knowledge on the subject of business ethics, aimed at Employees, with the participation of the Ethics Committee.

The sessions aim to reinforce the importance of ethical issues for the Group, clarify the role of the Committee in the company, generate trust in existing processes and clarify existing doubts on the topic, in a model of direct interaction and co-creation with participants to the extent in which, they are given the possibility to put in advance and anonymously, the questions they would like to see addressed and answered in the session.

This dynamic demonstrates the Ethics Committee's total openness and transparency in resolving ethical dilemmas presented and has proved to be a success. Those who participate highlight the contribution to increasing confidence in the Organization provided by the proximity to the Ethics Committee and recognize the importance of ethics for the reputation of the Organization.

"Let's talk about ethics" in 2021
For the fourth consecutive year, we continued with the "Let's Talk About Ethics" initiative, holding a session in June. Responding to the widespread remote work context, and as had already happened in 2020, this session was conducted in a virtual format and was attended by 205 employees.

The central objective of the session was to discuss the increasingly relevant and pressing topic of ethics in the collection, storage, management, and use of data and was attended by Joana Gonçalves Sá, a professor at Instituto Superior Técnico, who joined the Ethics Committee to share her views on ethics and data.

97.66%
e-Learning on Ethics completion rate

205
Participants

4.5
Overall sessions rating*

4.7
Relevance of the initiative and topics covered*

* Average value of the 2021 session, calculated on a scale from 1 (Very Bad | Totally Irrelevant) to 5 (Very Good | Totally Relevant) and in a universe of 137 complete answers (incomplete surveys were excluded)

Actions for Suppliers and Partners
The employees of each Partner or Supplier who act on behalf of NOS are obliged to follow the principles and rules of the Code of Ethics with the adaptations described in the short version for Suppliers and Partners. Whenever faced with alleged violations of the NOS Code of Ethics, and within the scope of the contractual relationship with NOS, the Partner or Supplier must report them to the NOS Ethics Committee.

Employees of Suppliers and Partners who provide services in organizational units identified as having activities more exposed to ethical risks also participated, in 2021, in ethics training sessions whose format was defined by the unit itself. By the end of the year, more than 9000 active base Partner's employees had completed this training.

6.2.4 SECURITY & PRIVACY

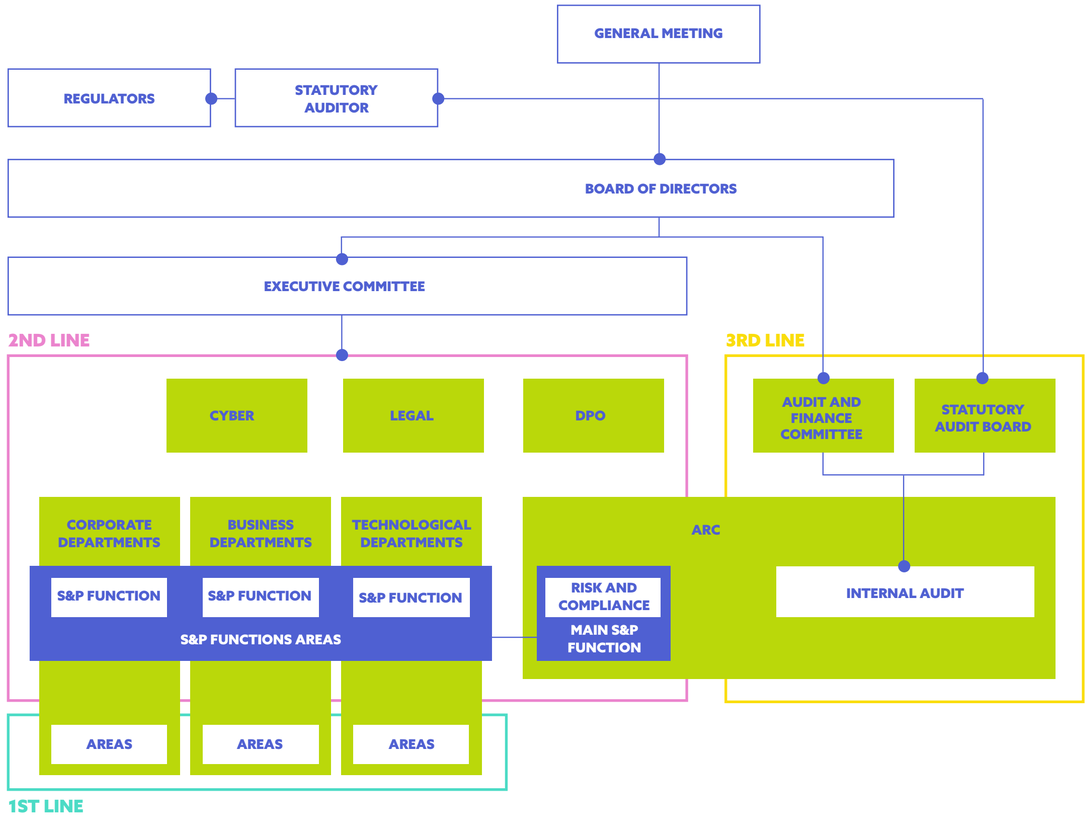
In order to ensure that all people who have a relationship with NOS (Customers, Employees, Suppliers and Partners, among others) have the necessary conditions for a safe use of our services, we continue to revalidate the commitment we have with stakeholders, regarding the issues that we consider to be a priority in terms of security and privacy.

SECURITY AND PRIVACY (S&P) GOVERNANCE MODEL

Exposure to security, privacy and continuity risks and legal and regulatory framework risks has increased considerably, and as a result, NOS' Security and Privacy (S&P) governance model aims to provide an effective response to these issues.

The NOS Security and Privacy governance model is based on three lines of defence, a reference practice of Governance, Risk & Compliance (GRC), aiming to achieve an effective and segregated distribution of responsibilities, highlighting the role of the various players and the type of relationship in the Risk Governance.

Transversely to the aforementioned lines of defence, the NOS Executive Committee represents the management's commitment to S&P, approves the S&P Governance Model and the S&P strategy and planning, having the utmost responsibility for S&P matters in the organization.



1st line of defence

The **1st line of defence** in managing S&P risks are the various areas of the organization (Corporate, Business and Technological areas) that are directly responsible for ensuring the S&P of the assets they own (processes, systems, products, services), operationalizing the defined S&P strategy and managing S&P risks, in order to ensure compliance with internal and external requirements of the organization.

2nd line of defence

In the **2nd line of defence**, the following functions stand out:

The S&P Central Function within the Audit, Risk and Compliance department (reporting to the EC member responsible for the Compliance areas). This team's key role is to (i) develop a strategic plan, guidelines and support the areas in the management of S&P and associated risks and (ii) develop methodologies and tools to support the organization's S&P management.

The Cybersecurity team, under the department of Quality and Transversal Projects (reporting to the CTO), is responsible for the security of the NOS technological cluster, in conjunction with the other S&P Functions in the technological areas.

The Data Protection Officer (DPO) (reporting to the CFO) is a pillar of the Organization's compliance with the laws and rules applicable to the protection of personal data and privacy.

The Legal Department (reporting to the EC member responsible for the areas of Compliance) who provides advice to the various elements responsible for S&P topics.

The various S&P Functions of the Areas that represent the extension of the Central S&P Function, being responsible for coordinating the correct management of S&P risks in the respective areas.

3rd line of defence

In the **3rd line of defence** of the Security and Privacy governance model, Internal Audit stands out, an independent figure in risk management. The latter reports hierarchically to the Executive Committee and reports functionally to the Audit and Finance Committee and the Statutory Audit Board. The key role of Internal Audit in the S&P Government is to provide assurance on the reliability of the S&P Management risks and processes in the organization.

SECURITY & PRIVACY POLICIES

The Information Security Policy (ISP) is the guideline that determines the S&P posture of our organization as a whole. It comprises the General Information Security Policy and all the company's S&P documents, organized in a hierarchical structure.

- **General Information Security Policy**, constituting a corporate Policy, applicable to corporate functions and electronic communications (focus), cinemas, audiovisual and advertising businesses;
- **Specific Policies, Standards**, **Rules and Guidelines** on certain sub-domains of ISP, whose development responsibility lies predominantly with the S&P Central Function;
- **Procedures, Processes, and other documents** that operationalize the ISP and that are managed and controlled by the (Corporate, Business and Technological) areas, through the respective S&P Functions/Pivots.

Information Security Policy (ISP)

Main Security & Privacy documents available and communicated to internal employees, partners, and customers

General Information Security Policy It identifies the Information Security principles that must be followed by NOS employees and service providers, as well as defines ISP's security levels, domains, subdomains and the respective control objectives	**Statement of Commitment on Privacy and Personal Data Protection** It explains NOS' commitment to privacy, security and data protection rules, ensuring that everyone who processes personal data within the scope of the relationship they establish with NOS subscribes and acts in accordance with the principles that underlie it	**Customer Privacy Policy** Communicates the main guidelines on the protection of Customers' privacy and personal data
Employee Privacy Policy Communicates the main guidelines on the protection of privacy and personal data of Employees	**User Safety Rules Manual** Communicates the main rules to be complied with by NOS Internal Employees and Partner Employees on the following topics: (i) Organization, Roles and Security Responsibility; (ii) Security in Human Resources (includes internal employees and partners); (iii) Security in Systems and Facilities (includes logical and physical access management); (iv) Safe Use of ICT Resources; (v) Classification and Information Management; (vi) Security Incident Management; (vii) Business Continuity Management; (viii) Confidentiality of Information and Privacy of Personal Data	**Security and Privacy Quick Guide** Recalls the fundamental technical security measures in the information and equipment use and organizational privacy measures in the processing of Personal Data

Security & Privacy Processes

The Security & Privacy (S&P) programmes and processes that we develop and maintain translate into practice the principles recommended in our policies, allowing us to manage risks related to availability, integrity, confidentiality, privacy, and cybersecurity, which are associated with information/data, to processes/assets or products/services.

NOS companies, areas and employees are responsible for ensuring the operation and monitoring of security, privacy and business continuity controls whose implementation is assigned to them.

The NOS Security & Privacy Central team is responsible for defining the S&P processes and promoting their implementation in the organization.

Security & Privacy Processes

- Planning and Strategy (including S&P Steering Committees)
- Policies and body of legislation
- Training and Awareness
- Control and monitoring (including risk assessments, control of S&P initiatives, KRIs)
- Security & Privacy by Design
- Compliance support (including changes to S&P legislation and/or regulation, area support)
- S&P objects (inventory and risk assessment of assets, activities and products or services)
- Record of processing activities (RPAs)
- Privacy Impact Assessments (PIAs)
- Subcontractors
- Business continuity and crisis management (BCM)
- S&P Incidents
- S&P Certifications

INFORMATION SECURITY MANAGEMENT

The NOS Information Security Management (ISM) programme aims to implement processes to protect information and its supporting assets on the three fundamental pillars (availability, integrity, and confidentiality). Information protection must comply with both internal information policies and external laws and regulations. The service requirements documented in the agreed service levels, contracts or operational agreements with customers must also be considered.

Regarding security management processes, we highlight some points:

- NOS is certified by the ISO 27001 Information Security Management System standard, covering: business processes related to installation, activation, account management and service requests, invoicing, and collection of communications customers, in the Private (B2C) and Corporate (B2B) market segments; and also, the security processes related to NOS' Data Centre services. The maintenance of this certification is subject to annual Internal Audits and External Audits.
- The information security management system, namely the requirements required by the ISO 27001 standard, are mapped in the NOS Internal Control Manual. This Manual is subject to periodic compliance self-assessment actions (Control Self-Assessments) by the areas responsible for controls, in collaboration with the S&P Central team. For internal control procedures considered non-compliant, corrective actions are defined.
- With regard to the management of security risks, we also use risk sharing and transfer strategies, so it is important to mention that NOS has a professional civil liability insurance policy that includes a "Data Protection & Cyber Liability" module. " that covers information security risks (own damage and third-party damage).

Information Security Domains

1. Security Risks Organization and Management
2. Human Resources Security
3. Facilities & Systems Security and Operations
4. Information & Communication Management
5. Incident Management
6. Business Continuity Management
7. Audit & Monitoring
8. Privacy & Personal Data

CYBERSECURITY MANAGEMENT

NOS develops and maintains Cybersecurity initiatives, with the aim of protecting information and its support assets against threats from possible attacks and unauthorized external access, guaranteeing their confidentiality, integrity, and availability. These initiatives are aimed not only at defining and implementing improvements in Cybersecurity operational procedures, such as incident management procedures, but also at the continuous monitoring of Cybersecurity risks, promoting proactive action in mitigating potential weaknesses.

Cybersecurity Team
For issues related to Cybersecurity, NOS has a specialized team, framed in the technological areas, whose main responsibilities are:

Cybersecurity Team Responsibilities

Strategy and integrity

- Monitor technological changes and ensure the reassessment of security issues
- Develop, implement and maintain cybersecurity management policies, standards and procedures (e.g., incident management, security assessments)
- Carry out the cross mapping of security weaknesses, maturity and progress indicators
- Identify needs and promote specific cybersecurity training and awareness actions
- Articulate communication with the Head of Security and S&P Central function regarding security weaknesses and results of the monitoring the security of networks and services
- Support the assessment of the sufficiency and suitability of cybersecurity measures implemented by service providers that manage or operate information systems/networks at NOS

Cyberdefense

- Coordinate the organization's Cyber Defense/SOC operation
- Ensure the implementation of the use cases necessary to mitigate the cybersecurity risk, considering the known attack vectors and the risk they pose to the organization
- Create mechanisms for continuous and proactive monitoring of security weaknesses
- Analyse identified incident impact and ensure its containment and resolution
- Define and implement a threat, incident and critical scenario response plan
- Support the notification of incidents that affect the security of networks and services to regulatory bodies and internal and external communications during disruption scenarios

Cyberintelligence

- Identification of threats based on information from external sources
- Proactive identification and exploitation of vulnerabilities and forensic analysis of S&P incidents
- Creating channels with infosec communities to increase visibility and know-how
- Plan and conduct security assessments regularly

Incident Management
In the event of S&P incidents (security, privacy, continuity) NOS has several processes defined and implemented for the respective management that specify the procedures to be followed in the stages of: detection; screening; processing; reporting to regulatory bodies and notification to affected customers; and post-mortem incident analysis.

We highlight that:

- All internal and partner employees must report, through the defined channels, any S&P incidents of which they are aware, as well as collaborate in the investigation of the incident if necessary.
- Violation by a NOS employee of any S&P standard, rule or procedure that falls within the NOS S&P Policies constitutes a matter for a potential disciplinary offence, and may be sanctioned, depending, if confirmed, on its severity, and the Employee may incur in civil and/or criminal liability. In the case of a partner's employee, through the respective partner companies / suppliers, the sanctions provided for in legal disputes or in the contract will apply.

PERSONAL DATA PROTECTION MANAGEMENT

For NOS, privacy is a concept of information security associated with confidentiality that includes the protection of information, in particular the personal data of customers, employees and other data holders, with the aim of ensuring compliance with applicable standards and with the fundamental right of each individual to have access and decide who should have access, at any given time, to their data.

In this context, and in conjunction with the ISM, we have developed and maintained a programme of initiatives aimed at implementing processes for the protection of personal data, but also to continuously monitor and improve compliance with the General Data Protection Regulation (GDPR) and other regulations with an impact on privacy.

Data Protection Officer (DPO)

For specific issues related to the privacy of personal data, NOS has a DPO, whose main responsibilities are to:

- Monitor data processing compliance with applicable standards
- To be a point of contact with customers, users, or other data holders for the clarification of questions related to the processing of their data by NOS
- Cooperate with the national supervisory authority (CNPD - National Commission for Data Protection)
- Provide information and advice to the data processors or controllers on their obligations in terms of privacy and data protection.

Has a compliance support role, essentially through consulting and advice.

Among the various technical security and organizational measures specifically implemented to ensure the protection of personal data (of customers, employees, and other data holders) by our employees, we highlight the following:

All internal employees and partners' employees are obliged to protect personal data and maintain the confidentiality of NOS information, and therefore are not allowed to share any data they have access to during and as a result of their work with third parties. These obligations remain in force even after leaving the company (termination of the employment or provision of services contract).

In the case of internal employees, these obligations are included in the clauses of employment contracts or in a Statement of Liability on Confidentiality of Information and Protection of Personal Data.

In the case of partners, these obligations are part of the Data Processing Agreements signed between NOS and partner companies whose employees may have access to personal data belonging to customers, employees, or other data holders. Furthermore, partners are responsible for communicating and enforcing these rules to all employees who provide services to NOS. Partner's employees must sign a Statement of Liability for the use of IS/IT, confidentiality, and protection of personal data.

The partners, as subcontractors, are contractually obliged to observe the confidentiality and secrecy duties and to ensure the security of personal data, which, for that purpose, are communicated to them, and may not use such data for any other purposes, for their own benefit or of third parties, nor correlate them with other data tha are in their possession.

When selecting and hiring our partners, the Sustainability Requirements for Suppliers and Partners are communicated (which include obligations related to Information Security, Personal Data Privacy and Business Continuity), and partners are obliged to comply with them.

Internal employees and partner's employees can only access and process personal data that are authorized, according to their needs (need-to-know), and only for permitted and lawful purposes in accordance with the Records of Processing Activities (RPAs).

NOS has privacy auditing processes (continuous audit) that include the Monitoring of Access to Personal Data (carried out by the Internal Audit area), in order to verify that these accesses are carried out by employees exclusively for the fulfilment of their professional duties, in order to ensure the protection of personal data.

BUSINESS CONTINUITY MANAGEMENT

NOS develops and maintains a Business Continuity Management (BCM) programme with the objective of implementing processes to reduce the risk of interruption of critical business activities or of critical products and services, arising from catastrophes, technical-operational failures, or massive human resource failures.

With regard to business continuity management processes, we highlight that:

- The processes cover the facilities, network infrastructures and the most critical activities that support critical services, for which resilience strategies, continuity plans and actions are developed, as well as S&P incident/crisis management procedures.
- Continuity processes are periodically subject to impact and risk assessments, as well as audits, tests, and simulations.
- NOS promotes articulation with external official entities for disaster scenarios, protection of critical infrastructures and communication in crises, including in this scope, for example, collaboration with the National Emergency and Civil Protection Authority.
- In the event of interruptions in the communications services network, customers can consult the status of the network on the NOS website and find out if there are any planned improvements or unexpected situations. This information is disclosed whenever events with a significant impact occur, in accordance with the obligation to inform the public, provided for in the regulation of the sector by ANACOM (National Communications Authority).

Additional content can be consulted in the section "Leading in Next Generation Networks".

SECURITY & PRIVACY ACTIONS

In 2021, we continued to develop relevant initiatives in the areas of security, cybersecurity, privacy, and business continuity.

Main Security & Privacy initiatives developed during 2021

Update of the General Information Security Policy and the S&P Governance Model, including the responsibilities of the new Cybersecurity team	Creation of a new tool that allows to speed up the performance of PIAs of Analytics Processing
Extension of existing cybersecurity measures related to remote access via VPNs and VDIs (two factor authentication, anti-virus, security patching), with applications exposed externally (to assess potential vulnerabilities) and with internet permissions (URL filtering)	Reinforcement of cookie management compliance on NOS websites, through the introduction of a new system for managing cookies and user consents
Improvement of services and tools used for cyber rating/scoring	Completion of the compliance assessment on the technical robustness of S&P solutions in the Corporate Analytical Data Lake (Big Data) architecture, throughout the personal data processing lifecycle
Update of the Quick Guide for Classification of Information and reinforcement of the classification and protection features of documents and emails, available to users in MS Office environment	Incorporation of S&P by Design requirements in new transformational projects related to Advanced Analytics, Go To Cloud and Digital Marketing
Improvement of specific channels and features for users to report suspicious phishing messages	Conclusion of the improvement of the Networks' operational management processes and tools, in accordance with the requirements of the ANACOM's Network and Services Security Regulation
In-depth revision of the Records of Processing Activities (RPAs) for the entirety of the processing of personal data by the NOS Group	Completion of Business the Impact Analysis (BIA) and Risk Assessment (RA) update regarding communications network resilience
Conducting Privacy Impact Assessments (PIAs) for personal data processing activities that pose a greater privacy risk	Continuation of the implementation of actions to improve resilience in infrastructure and network services (reinforcement of redundancies in circuit paths, strengthening of infrastructure and frontends of TV services, reinforcement of storage and redundancy for TV and OTT services, among others)
Launch of a new "S&P Gov" support system for the repository and management of RPAs	Permanent update of the COVID-19 Crisis Management Plan, with the aim of operationalizing a wide range of structured contingency measures that guarantee the safety and protection of employees

Training and communication in security and privacy

Training and awareness of practices and behaviours that minimize S&P risks is a key part of maintaining and properly managing these aspects. In this sense, in 2021, we continued to implement the training plan for employees and partners, including conducting e-learning courses on "Security & Privacy". Due to the still existing COVID-19 restrictions, there were no on-site training actions in this matter.

New S&P e-learning for employees
We launched the new e-learning "Security and Privacy Course," divided into 3 stages and consisting of 14 modules.

The new e-learning was provided to NOS Employees, having been classified as good or very good by 94% of employees who completed it by the end of the year (80% of all NOS employees and 72% of NOS partners). In 2021, this training was aimed at all employees as it corresponds to the launch of a new version.

e-Learnings on Security & Privacy

Our people

1,527
Participants
(80% of NOS employees, who participated and concluded the e-learning module successfully)

94%
Rating
Rated the e-learning as good/very good

Partner employees*

3,617
Participants
(72% of NOS' Partner Academies employees)

*Partner employees also attended other e-S&P learnings

"Let's talk about NOS Security and Privacy"
We also promote other S&P awareness actions, highlighting the "Let's talk about NOS Security and Privacy" e-Talk.

e-Talks NOS Security and Privacy

Live and interactive digital session, dedicated to S&P topics, with the participation of two invited employees and one employee in the role of moderator. Employees had the opportunity to participate live in the conversation via chat and also to raise questions and concerns in advance.

This session focused on:

- The basics of Security & Privacy at NOS
- One of the cybersecurity threats: phishing
- Security concerns raised by employees

Phishing Awareness Initiative
We also launched a Phishing Awareness (ethical phishing) initiative to raise awareness among employees. This action included training videos on behaviours to adopt in the face of potential phishing messages.

This Phishing Awareness action covered 11,841 users (NOS Employees and Partner Employees).

Only a small percentage of users compromised their login credentials in this controlled phishing simulation. These users were directed to interactive training videos (quizzes), with the following completion rates:

- NOS Employees: 82%
- Partner Employees: 58%

Guides for Safeguarding S&P in a Remote Work Context
We reinforced communication and awareness of S&P measures to be adopted by Employees and Partners during periods of remote work, with a special focus on cybersecurity risks.

Practical Guide for Employees Remote Work | Cybersecurity Risks

The Practical Guide provided to our people on the various aspects of Remote Work, including guidelines on the use of remote work tools (VPN, videoconferences, other collaborative tools) and on precautions to be taken to avoid cybersecurity threats, remained in force, and updated due to the hybrid working model adopted by NOS.

User Manual for Partners Remote Work | Cybersecurity Risks

Additionally, in 2021, we provided partner's employees with a new User Manual with the main rules and recommendations for day-to-day remote work, including workspace rules, guidelines on the use of remote work tools, (e.g., VPN and VDI) and on the security and privacy measures to adopt to prevent cybersecurity threats. This Manual was disclosed to all partners of outsourced operations (e.g., Contact Centres).

7. STIMULATING A POSITIVE TRANSFORMATION INSPIRED BY THE FUTURE

7. STIMULATING A POSITIVE TRANSFORMATION INSPIRED BY THE FUTURE

CONTINUING TO PAVE THE WAY TO EVOLVE TOGETHER

These last two years have proved that we have managed to evolve as a business and organization in several dimensions, even in an adverse context, through:

- our differentiating assets;
- close monitoring of the market and regulatory context and trends and careful management of associated risks and opportunities;
- a business development plan that combines core strategic priorities with an ambitious sustainability framework focused on sustainability issues that are relevant in the context of the organization and its stakeholders;
- the investment in good management practices; and
- a bold and optimistic attitude, focused on innovation in favour of a connected, evolved, and balanced society.

We demonstrated the potential of 5G and inspired customers and society to do what no one else has done, challenging them to pave the way for new possibilities. We have reinforced our networks in terms of coverage and quality. We strengthened partnerships for digital innovation. We have strengthened our commitment to sustainability with determination, as demonstrated by the alignment of our financing strategy with the sustainability strategy, with a total of 250 million euros of its debt indexed to these matters.

Our reports and accounts, aligned with good financial and sustainability accounting practices, demonstrate the impact and contribution that our evolution provides to our stakeholders, helping to generate confidence in our management and its ability to create value for everyone and to contribute to the SDGs. The 2020 report and the current one show that, even in the pandemic context in which we have been living, the balance of our performance and contribution was largely positive, and our past performance is the greatest guarantee of our future success.

Moving forward in the 2021-2025 strategic cycle, we will continue to:

- commit to and invest in our resources so that they maintain and strengthen their differentiating character;
- execute our strategic plan, adjusting it to external circumstances through operational management capable of responding positively to the challenges posed and generating long-term shared value;
- work to achieve and if possible, exceed the strategic sustainability targets we have set ourselves;
- monitor and incorporate evolving trends in sustainability reporting and sustainable finance; and
- innovate and contribute to the ultimate goal of driving digital transformation in favour of a forward-looking, enabling society in which everyone stays connected and evolves together.

We will continue to reinforce our commitment to being close to the Portuguese people, connecting them to each other and to the world, continuing to invest in our network and in the continuous improvement of products and services.

Through 5G, we will continue to bring the communications of the future to the present and put them at the service of all citizens, companies, and organizations, thus contributing to the digital transformation of society, with solutions such as remote support, industrial augmented reality solutions (with strong impacts on reducing the use of paper) or intelligent traffic management systems.

We will also remain committed to our sustainability mission, identifying opportunities that allow us to continue to grow and contribute to the sustainable development of an increasingly balanced society. We want to continue stimulating a positive transformation inspired by the future!

8. ANNEXES

8. ANNEXES

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8.1 GRI CONTENT TABLE

General Content

INDICATOR/RESPONSE	LOCATION	UNGC PRINCIPLES	SDG	LEGAL CORRESPONDENCE
GRI 102: 2016 STANDARD- General Contents				
Organizational Profile				
102-1 **Organization name** NOS, SGPS, S.A.				
102-2 **Activities, brands, products, and services**	IMR: 22/23			
102-3 **Headquarters Location** Rua Actor António Silva, nº9, Campo Grande, 1600-404 Lisboa, Portugal				
102-4 **Operations location**	CFS note 51			
102-5 **Type and legal nature of property**	CFS: note 1			
102-6 **Markets Served**	CFS note 51			
102-7 **Organization size**	IMR: 10; 22/23; 75/76 CFS: note 52			
102-8 **Information about Employees and other workers**	IMR: 10; 75/76	6	5, 8	CCC | Article 508-G, Number 2, Paragraph a)

Total number of workers by type of contract and by gender		2019	2020	2021
Permanent employees	Men	1,095	1,096	1,078
	Women	723	720	734
	Subtotal	**1,818**	**1,816**	**1,812**
Fixed-term contract employees	Men	42	33	3
	Women	49	50	14
	Subtotal	**91**	**83**	**17**
TOTAL EMPLOYEES		**1,909**	**1,899**	**1,829**

Total number of workers by type of employment and by gender		2019	2020	2021
Full-time	Men	1,137	1,129	1,081
	Women	772	770	748
	Subtotal	**1,909**	**1,899**	**1,829**
Part-time	Men	0	0	0
	Women	0	0	0
	Subtotal	**0**	**0**	**0**
TOTAL EMPLOYEES		**1,909**	**1,899**	**1,829**

Scope: All employees with the exception of cinema workers, internship contracts and Corporate Bodies

INDICATOR/RESPONSE	LOCATION	UNGC PRINCIPLES	SDG	LEGAL CORRESPONDENCE
102-9 **Supply Chain**	IMR: 82		8, 12, 16, 17	CSC | Article 508-G, Number 2, Paragraph, a)
102-10 **Significant changes in the organization or its supply chain** In April 2020, NOS entered into an agreement for the sale of NOS Towering to Cellnex - which would come to be concluded in September of the same year - underlying the sale of the support infrastructure of approximately 2000 sites (towers and rooftops). This agreement will allow NOS to continue to optimize and expand its state-of-the-art mobile network, while strengthening its investment capacity in creating long-term value for the company. By joining forces with Cellnex in Portugal, through this strategic partnership, NOS ensures its present and future needs in terms of its passive mobile infrastructure. In 2021, this fact, which refers to the previous year, was reflected in the number of suppliers with whom we transacted, -37%, although the number of transactions followed the opposite trend.	IMR: 82			
102-11 **Approach to the precautionary principle** The principles that make up the NOS Sustainability Policy addresses environmental issues associated with our activity and the sector in which we are inserted, such as electromagnetic radiation, and the precautionary principle underlies our "modus operandi."	IMR: 111/139			
102-12 **External Initiatives** NOS is a signatory to several external ESG initiatives, namely the United Nations Global Compact, since 2014, the Letter of Commitment "Business Ambition for 1.5°C" of the United Nations, and the CEO's Guide on Human Rights, of the WBCSD, among others. In 2021, we highlight the subscription to 5 new initiatives, including the Digital With Purpose promoted by GeSI, or the European Green Digital Coalition.				
102-13 **Participation in associations** Main institutions of which NOS is a member and where it integrates the corporate bodies: - APRITEL "Associação dos Operadores de Comunicações Eletrónicas" - AEM "Associação de Emitentes de Valores Mobiliários" - "Quinta da Regaleira - Fundação CulturSintra" - "Fundação Serralves" - IPCG "Instituto Português de Corporate Governance"				
Strategy				
102-14 **Statement of the Board of Directors**	IMR: 5/6; 282/283			CCC | Article 508-G, Number 2, Paragraph a)
102-15 **Main impacts, risks, and opportunities**	IMR: 129/139 CGR: Part 1, C III. Internal control and Risk Management			
Ethics and Integrity				
102-16 **Values, principles, standards, and norms of conduct**	IMR: 20/21; 111/142	10	16	
102-17 **Mechanisms to clarify doubts and report alleged irregularities on ethical issues**	IMR: 140/142	10	16	
Governance				
102-18 **Governance Structure**	IMR: 24/30 CGR: Parte 1			
102-21 **Listening to Stakeholders regarding economic, environmental, and social issues**	IMR: 111/116			DL89 | Introduction, 5th Paragraph
INDICATOR/RESPONSE	LOCATION	UNGC PRINCIPLES	SDG	LEGAL CORRESPONDENCE

102-22 Composition of the highest governance body and its committees	IMR: 25/30 CGR: Part 1 B II			PSC | Article 245-A, Number 4, Paragraph r)
102-24 Appointment and selection of the highest governance body	CGR: Part 1 B II			PSC | Article 245-A, Number 4, Paragraph r)
102-26 Role of top management in defining purpose, values, and strategy - NEW All elements of strategic direction are approved by the Executive Committee, which assumes maximum responsibility for its implementation, including for the sustainability strategy and its commitments and targets.				
102-31 Review of economic, environmental, and social issues - NEW	IMR: 111/149 CGR: Part 1 C III (point 50)			
Engagement with Stakeholders				
102-40 List of stakeholder groups	IMR: 113		17	
102-41 Collective employment agreements 100% of NOS Cinemas and NOS Audiovisuais employees (109 employees on 31.12.2021) are covered by a collective employment agreement.		3	8	
102-42 Identification and selection of stakeholders	IMR: 112/116		17	
102-43 Approach to the engagement with stakeholders	IMR: 112/136		17	DL89| Introduction, 5th Paragraph
102-44 Main issues and concerns identified	IMR: 112/136		17	
Reporting practices				
102-45 Entities included in the consolidated financial statements The consolidated financial statements include the companies in the NOS universe of which the Group has more than 50% stake and holds management control.				
102-46 Definition of report content and limits of the topics	IMR: 7; 125/128			
102-47 List of material topics	IMR: 127			
102-48 Reformulation of information In the reporting period, the following 2019 figures reported in last year's Annual Report were reformulated: • The distribution between men and women of the number of Employees with a fixed-term contract • Total energy consumption and energy consumption by data traffic: Previous published figures revised to include NOS Azores and NOS Madeira and, as of 2019, exclude consumption of equipment in third-party facilities • Production and recovery of waste from own operation: Previous published values revised to include NOS Azores and NOS Madeira and consider energy recovery as a disposal operation • Total water consumption and % of reused water: Previous published figures revised to include NOS Azores and NOS Madeira • 2021 NOS Carbon Footprint: Previously published figures revised to include NOS Azores and NOS Madeira. As of 2019, electricity consumption in equipment at third-party facilities is no longer reported in scope 2 and is now reported in scope 3 - category 8. Total scope 3 in 2019 and 2020 recalculated to include all applicable emission categories • Final Destination of Produced Waste: Previous published values revised to include NOS Azores and NOS Madeira and consider energy recovery as a disposal operation				
INDICATOR/RESPONSE	**LOCATION**	**UNGC PRINCIPLES**	**SDG**	**LEGAL CORRESPONDENCE**

102-49 Changes in reporting With the entry into a new global strategic cycle, including sustainability, 2021-2025, the material sustainability topics were determined that assisted the definition of the new strategy and this report. The topics, however, remained essentially in line with the material topics of the previous cycle, although the names may be different and there is a greater aggregation of topics. There are, however, two new topics: (i) "Contribution to local development" and (ii) "Prevention of exposure to electromagnetic fields." The content of the sustainability report was integrated into the management report, no longer appearing in an autonomous part of the Annual Report				
102-50 Period covered by the report January 1st, 2021, to December 31st, 2021.				
102-51 Date of most recent previous report 2020 Annual Report.				
102-52 Publishing cycle Annual periodicity				
102-53 Contacts for questions about the report	IMR: 7			
102-54 Declaration of compliance with the GRI Standards Considering that the topic "Water" and "Biodiversity" are not considered material for NOS, but are subject to management, the approach followed is to report related information, but this is not fully aligned with the reporting requirements of the GRI Standards (e.g., in water, the information is not segregated by the level of water stress at the source, although it should be noted that it corresponds to water from municipal supply).				
102-55 GRI Table of Contents This table.				
102-56 External verification	IMR: 177			

Specific Contents

INDICATOR/RESPONSE	LOCATION	UNGC PRINCIPLES	SDG	LEGAL CORRESPONDENCE
GRI 200 STANDARDS: Economic Performance				
GRI 201: 2016 - Economic Performance				
Management Approach				
103-1 Explanation of the material topic and its boundary	IMR: 127			
103-2 The management approach and its components	IMR: 119			
103-3 Evaluation of the management approach	IMR: 11/13; 119			
INDICATOR/RESPONSE	**LOCATION**	**UNGC PRINCIPLES**	**SDG**	**LEGAL CORRESPONDENCE**

INDICATOR/RESPONSE	LOCATION	UNGC PRINCIPLES	SDG	LEGAL CORRESPONDENCE
GRI 204: 2016 Procurement Practices				
Management Approach				
103-1 **Explanation of the material topic and its boundary**	IMR: 127			
103-2 **The management approach and its components**	IMR: 82/85; 119/124			
103-3 **Evaluation of the management approach**	IMR: 82/85; 119/124			
201-4 **Financial benefits received by the government** The support received from the State through tax incentives was over 18 million euros. This variation, when compared to 2020, was mainly due to the 2019 application approval to the Tax Incentive for Corporate R&D System (SIFIDE) and the use of the Extraordinary Investment Tax Credit (CFEI), a support measure for companies during the COVID-19 pandemic.				
201-1 **Direct economic value generated and distributed** The value created by the Group's activity is distributed among various stakeholders, generating a positive and relevant socio-economic impetus for the national economy, highlighting the dynamism of a vast ecosystem of suppliers and partners. The values presented were determined in accordance with the specifications indicated below. Scope: Companies in which the Group has more than 50% stake and holds management control (in accordance with consolidated financial statements). See Methodological Notes Additional note to the calculation: since the amount of dividends, related to own shares held by NOS on the date of the payment of dividends, is transferred to Free Reserves, according to the Proposed Application of Profits, in the impossibility of determining in advance how many own shares will be held on the date of the payment of dividends for the year 2021, for the purposes of this calculation, the number of own shares held on December 31, 2021, that is 3,002,427 shares, was considered			8	

€ Million	2019	2020	2021
Economic Value Generated (revenues)	**1,603**	**1,377**	**1,434**
Distributed Economic Value	**1,581**	**1,435**	**1,435**
Suppliers	1,276	1,109	1,120
Shareholders	143	142	142
Employees	89	90	90
Government	45	65	42
Debt financiers	29	28	40
Community (donations)	0.2	0.2	0.2
RETAINED VALUE	**22**	**-57**	**-0.9**

204-1 Proportion of expenses with local suppliers

	National	International
2018	76.0%	24.0%
2019	76.7%	23.3%
2020	80.3%	19.7%
2021	**87.6%**	**12.4%**

See Methodological Notes

	IMR: 82		8, 12, 16, 17	
GRI 205: 2016 Anti-corruption				
Management Approach				
103-1 Explanation of the material topic and its boundary	IMR: 127			CCC | Article 508-G, Number 2, Paragraph b)
103-2 The management approach and its components	IMR: 118/143			
103-3 Evaluation of the management approach	IMR: 11/13; 118/142			CCC | Article 508-G, Number 2, Paragraph c)
205-2 Communication and training in corruption combat policies and procedures.	IMR: 140/142	10	16	CCC | Article 508-G, Number 2, Paragraph e)
205-3 Confirmed cases of corruption and measures taken In the reporting period, no confirmed cases of corruption were identified.		10	16	
GRI 206: 2016 Unfair competition				
Management Approach				
103-1 Explanation of the material topic and its boundary	IMR: 127			
103-2 The management approach and its components	IMR: 118/142			
103-3 Evaluation of the management approach	IMR: 11/13; 118/142			
206-1 Legal actions for unfair competition, antitrust and monopoly practices During 2021, NOS was notified of the filing of a legal proceeding by the Competition Authority. In view of the ADC's accusation, NOS presented its defence. We await the final decision of the ADC to be rendered. Within the scope of the administrative offense proceeding filed in 2020 by the ADC, reported in the 2020 Annual Report, for which NOS presented a defence, no relevant development took place during 2021, and the ADC's Final Decision is still awaited.			16	

INDICATOR/RESPONSE	LOCATION	UNGC PRINCIPLES	SDG	LEGAL CORRESPONDENCE
GRI 300 STANDARD: Environmental Performance				

INDICATOR/RESPONSE	LOCATION	UNGC PRINCIPLES	SDG	LEGAL CORRESPONDENCE
GRI 302: 2016 Energy				
Management Approach				
103-1 **Explanation of the material topic and its boundary**	IMR: 127			CCC | Article 508-G, Number 2, Paragraph b)
103-2 **The management approach and its components**	IMR: 86/94; 121/124			
103-3 **Evaluation of the management approach**	IMR: 11/13; 118/139			CCC | Article 508-G, Number 2, Paragraph c)
302-1 **Energy consumption within the organization** See Methodological Notes	IMR: 10; 86/94	7, 8	7, 9, 12, 13	CCC | Article 508-G, Number 2, Paragraph e)
302-3 **Energy intensity** See Methodological Notes	IMR: 10; 86/94	8	7, 9, 12, 13	
302-4 **Energy consumption reduction**	IMR: 10; 86/94	8, 9	7, 12, 13	
GRI 303: 2018 Water and Wastewater				
Management Approach The topic is non-material for NOS. Our response allows for greater alignment with the DL 89/2017.				
303-5 **Water Consumption**	IMR: 97			CCC | Article 508-G, Number 2
Recycled and reused water (NOS specific indicator)	IMR: 97			
GRI 304: 2016 Biodiversity				
Management Approach The topic is non-material for NOS. Our response allows for greater alignment with the DL 89/2017.				
304-2 **Significant impacts of activities, products, and services on biodiversity**	IMR: 97			CCC | Article 508-G, Number 2
GRI 305: 2016 Emissions				
Management Approach				
103-1 **Explanation of the material topic and its boundary**	IMR: 127			CCC | Article 508-G, Number 2, Paragraph b)
103-2 **The management approach and its components**	IMR: 86/94; 121/124			
103-3 **Evaluation of the management approach**	IMR: 11/13; 118/139			CCC | Article 508-G, Number 2, Paragraph c)

305-1 Direct Emissions of Greenhouse Gases - GHG (Scope 1) See Methodological Notes		IMR: 10; 86/94	7, 8	12, 13	CCC | Article 508-G, Number 2, Paragraph e)
305-2 Indirect GHG emissions (Scope 2) See Methodological Notes		IMR: 10; 86/94	7, 8	7, 12, 13	
305-3 Other indirect GHG emissions (Scope 3) See Methodological Notes		IMR: 10; 86/94	7, 8	12, 13	
GRI 306: 2020 Waste					
Management Approach					
103-1 Explanation of the material topic and its boundary		IMR: 127			CCC | Article 508-G, Number 2, Paragraph b)
103-2 The management approach and its components		IMR: 10; 95/99; 111; 118/139			
103-3 Evaluation of the management approach		IMR: 11/13; 95/99; 118/139			CCC | Article 508-G, Number 2, Paragraph c)
306-1 Significant impacts related to the waste generated		IMR: 95/96			
306-2 Management of significant impacts related to the waste generated NOS' Sustainability Policy is in line with the principles of the ISO 14001 standard, ensuring waste management in line with all legal precepts applicable to waste management, safeguarding the prevention of pollution (impacts) and promoting continuous improvement.		IMR: 95/96; 118/139			
306-3 Generated waste **306-4 Waste diverted from removal/final disposal** **306-5 Waste sent to removal/final disposal**		IMR: 10; 95/96	7, 8	12	CCC | Article 508-G, Number 2, Paragraph e)

		hazardous waste (t)				non-hazardous waste (t)			
		2015	2019	2020	2021	2015	2019	2020	2021
Recovery	Multi-material recycling	4.3	65.3	36.9	48.3	353.5	728.4	512.9	666.6
Disposal	Landfill	0.0	3.7	0.0	0.3	8.0	39.1	62.0	22.6
	Energy recovery	0.0	0.0	0.0	0.0	0.3	16.2	7.2	0.0
TOTAL	**Reciclagem multi-material**	**4.3**	**69.0**	**37.0**	**48.6**	**361.8**	**783.7**	**582.0**	**689.1**

INDICATOR/RESPONSE	LOCATION	UNGC PRINCIPLES	SDG	LEGAL CORRESPONDENCE
GRI 307: 2016 Environmental Compliance				
Management Approach				

INDICATOR/RESPONSE	LOCATION	UNGC PRINCIPLES	SDG	LEGAL CORRESPONDENCE
103-1 Explanation of the material topic and its boundary	IMR: 127			CCC | Article 508-G, Number 2, Paragraph b)
103-2 The management approach and its components	IMR: 75/81; 118/139			
103-3 Evaluation of the management approach	IMR: 75/81; 118/139			CCC | Article 508-G, Number 2, Paragraph c)
GRI 401: 2016 Employment				
Management Approach				
103-1 Explanation of the material topic and its boundary	IMR: 127			CCC | Article 508-G, Number 2, Paragraph b)
103-2 The management approach and its components	IMR: 82/85; 118/139			
103-3 Evaluation of the management approach	IMR: 82/85; 118/139			CCC | Article 508-G, Number 2, Paragraph c)
308-1 New suppliers that have been selected based on environmental criteria The evaluation for the year 2021 will take place during the first quarter of 2022. For the fourth consecutive year, it will include criteria for Ethics, Environment and Occupational Safety and Health.			1, 2, 3, 4, 5, 6	
GRI 400 STANDARD: - Social Performance				
GRI 308: 2016 Suppliers Environmental Evaluation				
Management Approach				
103-1 Explanation of the material topic and its boundary	IMR: 127			CCC | Article 508-G, Number 2, Paragraph b)
103-2 The management approach and its components	IMR: 118/139			
103-3 Evaluation of the management approach	IMR: 11/13; 118/139			CCC | Article 508-G, Number 2, Paragraph c)
307-1 Non-conformities resulting from non-compliance with environmental laws and regulations In the reporting period there is no record of such occurrences.		8	16	CCC | Article 508-G, Number 2, Paragraph e)
GRI 308: 2016 Suppliers Environmental Evaluation				
Management Approach				
103-1 Explanation of the material topic and its boundary	IMR: 127			CCC | Article 508-G, Number 2, Paragraph b)
103-2 The management approach and its components	IMR: 82/85; 118/139			
103-3 Evaluation of the management approach	IMR: 82/85; 118/139			CCC | Article 508-G, Number 2, Paragraph c)
308-1 New suppliers that have been selected based on environmental criteria The evaluation for the year 2021 will take place during the first quarter of 2022. For the fourth consecutive year, it will include criteria for Ethics, Environment and Occupational Safety and Health.			1, 2, 3, 4, 5, 6	

INDICATOR/RESPONSE	LOCATION	UNGC PRINCIPLES	SDG	LEGAL CORRESPONDENCE
401-1 Hiring new employees and employee turnover	IMR: 75/81	6	5, 8	CCC | Article 508-G, Number 2, Paragraph e)

Evolution in the number of new employees hired	2019	2020	2021
<30 years old	109	94	114
30-50 years old	78	42	67
>50 years old	0	0	1
Female	86	65	77
Male	101	71	105
Total	**187**	**136**	**182**
OVERALL HIRING RATE	**10%**	**7%**	**10%**

Evolution of employee turnover and net replacement rates	2019	2020	2021
<30 years old	63	43	67
30-50 years old	119	71	180
>50 years old	11	15	36
Female	92	64	114
Male	101	65	169
Total	**193**	**129**	**283**
OVERALL EXIT RATE	**10%**	**7%**	**15%**
NET REPLACEMENT RATE	**-0.3%**	**0.4%**	**-5%**

Scope: All employees except cinema workers, internship contracts and Corporate Bodies. See Methodological Notes.

401-2 Benefits for full-time employees which are not granted to temporary or part-time employees NOS does not distinguish the benefits granted between full-time employees and part-time employees. Scope: All employees except cinema workers, internship contracts and corporate bodies.	IMR: 75/81		8	
401-3 Parental leave		3, 6	5, 8	

Rates	Women	Men	Total
Return	90.0%	93.5%	92.4%
Retention	75.6%	84.6%	80.0%

Scope: All employees except cinema workers, internship contracts and corporate bodies. See Methodological Notes.

GRI 403: 2018 Occupational Health and Safety				
Management Approach				
103-1 Explanation of the material topic and its boundary	IMR: 127			CCC | Article 508-G, Number 2, Paragraph b)
103-2 The management approach and its components	IMR: 80/81; 118/139			
103-3 Evaluation of the management approach	IMR: 80/81; 118/139			CCC | Article 508-G, Number 2, Paragraph c)

INDICATOR/RESPONSE	LOCATION	UNGC PRINCIPLES	SDG	LEGAL CORRESPONDENCE
GRI 404: 2016 Training and Education				
Management Approach				
103-1 **Explanation of the material topic and its boundary**	IMR: 127			CCC | Article 508-G, Number 2, Paragraph b)
103-2 **The management approach and its components**	IMR: 75/81; 118/139			
103-3 **Evaluation of the management approach**	IMR: 75/81; 118/139			CCC | Article 508-G, Number 2, Paragraph c)
403-1 **OHS Management System** 403-2 **Identification, assessment and investigation of hazards, risks, and incidents** 403-3 **Occupational healthcare services** 403-4 **Participation, listening and communication to employees on OHS** 403-5 **Training of employees in OHS** 403-6 **Promotion of employees' health** 403-7 **Prevention and mitigation of OHS impacts related to commercial relationships** In addition to what is mentioned in a specific section of the report, it is important to mention that the OHS action plan, which is annually revised, provides for several monitoring and action initiatives, with a view to guaranteeing and improving the working conditions of our people, in terms of air quality, noise, lighting conditions and air conditioning. Quarterly food audits are also carried out to ensure the quality of the food available in the company's buildings. With the aim of listening to NOS employees and knowing their perception on various OHS topics, regular questionnaires are carried out in order to guarantee the continuous improvement of the implemented processes. The monitoring of results supports decision-making in this area. The Occupational Health services that we provide are in line with the applicable legal requirements, but also with the regulations of the NOS certification in OHS, similarly to what happens in terms of occupational safety. We have two technicians specialized in OHS specifically assigned to the coordination of these topics, integrated in the Human Resources Department, and articulated with the Sustainability Pivots and emergency management teams.	IMR: 80/81; 118/139			CCC | Article 508-G, Number 2, Paragraph b)
403-9: **Accidents at work** | | 2019 | 2020 | 2021 | |---|---|---|---| | Number of Accidents at Work | 14 | 3 | 2 | | Frequency Rate | 3.93 | 0.84 | 0.58 | | Absenteeism Rate (NOS specific indicator) | 1.42% | 1.38% | 1.26% | | Lost Days Rate (NOS specific indicator) | 58.95 | 22.67 | 47.18 | There were no work-related fatalities from work-related accidents in 2019, 2020 and 2021 (fatality rate of 0%) One of the accidents corresponds to a recovery period of more than 6 months. Scope: All employees except cinema workers, internship contracts and corporate bodies. See Methodological Notes.			8	CCC | Article 508-G, Number 2, Paragraph e)
403-10 **Occupational Diseases** | | 2019 | 2020 | 2021 | |---|---|---|---| | Nº. of Occupational Diseases | 0 | 0 | 0 | There were no work-related fatalities from occupational diseases in 2019, 2020 and 2021. Scope: All employees except cinema workers, internship contracts and corporate bodies.			8	CCC | Article 508-G, Number 2, Paragraph e)

404-1 Average annual hours of training per employee

Professional category	Gender	2019	2020	2021
Technicians	Men	25.4	13.8	15.7
	Women	21.1	7.8	9.6
	Total	**23.5**	**11.2**	**13.1**
Managers	Men	26.6	21.0	17.6
	Women	31.8	11.5	11.2
	Total	**28.2**	**18.2**	**15.6**
Directors	Men	16.9	9.3	14.6
	Women	14.4	15.1	11.4
	Total	**16.2**	**11.3**	**13.6**
Global	Men	25.4	15.3	16.1
	Women	22.5	8.5	9.9
	Total	**24.2**	**12.5**	**13.6**

Scope: All employees except cinema workers, internship contracts and corporate bodies.
See Methodological Notes.

IMR: 75/81 | 6 | 4, 5, 8 | CCC | Article 508-G, Number 2, Paragraph e)

404-3 Percentage of employees receiving regular performance evaluations and career development assessments

Professional category	Gender	2019	2020	2021
Technicians	Men	99%	99%	97%
	Women	94%	97%	96%
	Total	**98%**	**98%**	**96%**
Managers	Men	100%	98%	95%
	Women	100%	95%	91%
	Total	**100%**	**98%**	**94%**
Directors	Men	98%	100%	100%
	Women	94%	100%	100%
	Total	**96%**	**100%**	**100%**

Scope: All employees covered by the performance evaluation model. The performance evaluation process is mandatory for all employees,with the following exceptions:
a) employees with less than 3 months of seniority; b) employees with a prolonged period of absence during the year.

IMR: 75/81 | 6 | 5, 8

INDICATOR/RESPONSE	LOCATION	UNGC PRINCIPLES	SDG	LEGAL CORRESPONDENCE

INDICATOR/RESPONSE	LOCATION	UNGC PRINCIPLES	SDG	LEGAL CORRESPONDENCE
GRI 405: 2016 Diversity and Equal Opportunities				
Management Approach				
103-1 Explanation of the material topic and its boundary	IMR: 127			CCC | Article 508-G, Number 2, Paragraph b)
103-2 The management approach and its components	IMR: 75/81; 118/139			
103-3 Evaluation of the management approach	IMR: 10; 118/139			CCC | Article 508-G, Number 2, Paragraph c)
405-1 Diversity in corporate bodies and employees **Category** / **Gender** (Men, Women) / **Age (years old)** (<30, 30 - 50, >50) Technician: 804, 622 / 237, 1.009, 180 Manager: 240, 109 / 5, 271, 73 Director: 37, 17 / 0, 36, 18 Corporate bodies: 16, 7 / 0, 12, 11 Scope: All employees except cinema workers and internships contracts. The Corporate Bodies are the Board of Directors, the Statutory Audit Board, and the Board of the General Meeting.	IMR: 75/81; 118/139	6	5, 8	CCC | Article 508-G, Number 2, Paragraph e)
405-2 Ratio of base salary and remuneration between women and men NOS chose not to report this indicator since the salaries are set based on experience and roles performed and not by gender. Thus, for the same role and experience men and women earn the same basic salary level.		6	5, 8	
GRI 406; 407; 408; 409: 2016 Non-Discrimination / 2016 Freedom of Association and Collective Bargaining / 2016 Child Labour / 2016 Forced or Slave Labour				
Management Approach				
103-1 Explanation of the material topic and its boundary	IMR: 127			CCC | Article 508-G, Number 2, Paragraph b)
103-2 The management approach and its components	IMR: 111/139			
103-3 Evaluation of the management approach	IMR: 11/13; 111/139			CCC | Article 508-G, Number 2, Paragraph c)
406-1 Incidents of discrimination and corrective measures taken No incidents of discrimination were recorded.		1, 6	5, 8, 16	CCC | Article 508-G, Number 2

407-1 Operations and suppliers where freedom of association and of collective bargaining may be at risk **408-1 Operations and suppliers where there is a significant risk of child labour incidents** **409-1 Operations and suppliers where there is a significant risk of slave or forced labour incidents** At NOS, there is no knowledge of situations of this nature, not even involving its supply chain. NOS guides its performance by ethical principles and responsible business, respecting labour legislation. Additionally, it subscribes to several external initiatives that promote Human Rights. NOS requires similar conduct from its suppliers, through its Code of Ethics, applicable in the scope of the provision of services to NOS, and the Sustainability Requirements for Suppliers and Partners.	IMR: 111/139	3, 4, 5	8,16	CCC | Article 508-G, Number 2
GRI 413: 2016 Local Communities				
Management Approach				
103-1 Explanation of the material topic and its boundary	IMR: 127			CCC | Article 508-G, Number 2
103-2 The management approach and its components	IMR: 69/70			
103-3 Evaluation of the management approach	IMR: 11/13; 100/106; 111/139			CCC | Article 508-G, Number 2
413-1 Operations with local community involvement, impact assessments and development programmes	RGI 100/106; 111/139			CCC | Article 508-G, Number 2
GRI 414: 2016 Suppliers Social Assessment				
Management Approach				
103-1 Explanation of the material topic and its boundary	IMR: 127			CCC | Article 508-G, Number 2, Paragraph b)
103-2 The management approach and its components	IMR: 82/85; 111/139			
103-3 Evaluation of the management approach	IMR: 82/85; 111/139			CCC | Article 508-G, Number 2, Paragraph c)
414-1 New suppliers selected based on social criteria The assessment for the year 2021 will take place during the first quarter of 2022. For the fourth consecutive year it will include criteria for Ethics, Environment and Occupational Health and Safety.		1, 2, 3, 4, 5, 6	8, 12, 16, 17	CCC | Article 508-G, Number 2, Paragraph e)
GRI 415: 2016 Public Policies				
Management Approach				
103-1 Explanation of the material topic and its boundary	IMR: 127			CCC | Article 508-G, Number 2, Paragraph b)
103-2 The management approach and its components	IMR: 111/139			
103-3 Evaluation of the management approach	IMR: 111/139			CCC | Article 508-G, Number 2, Paragraph c)
INDICATOR/RESPONSE	**LOCATION**	**UNGC PRINCIPLES**	**SDG**	**LEGAL CORRESPONDENCE**

415-1 Political contributions NOS assumes itself as a nonpartisan and apolitical organization. It does not support financially or in kind, under any circumstances, political parties, organizations, or individuals associated with them whose mission is essentially political.		10	16	CCC | Article 508-G, Number 2
GRI 416: 2016 Customer Health and Safety				
Management Approach				
103-1 Explanation of the material topic and its boundary	IMR: 127			CCC | Article 508-G, Number 2, Paragraph b)
103-2 The management approach and its components	IMR: 60/63; 97/99; 111/139			
103-3 Evaluation of the management approach	IMR: 60/63; 97/99; 111/139			CCC | Article 508-G, Number 2, Paragraph c)
416-1 Assessment of the health and safety impacts of products and services	IMR: 11/13; 60/61; 97/99		16	CCC | Article 508-G, Number 2, Paragraph e)
416-2 Incidents of non-compliance related to health and safety impacts caused by products and services In the reporting period there is no record of such occurrences			16	CCC | Article 508-G, Number 2, Paragraph e)
GRI 417: 2016 Information/Labelling of Products and Services				
Management Approach				
103-1 Explanation of the material topic and its boundary	IMR: 127			CCC | Article 508-G, Number 2, Paragraph b)
103-2 The management approach and its components	IMR: 66/70; 111/139			
103-3 Evaluation of the management approach	IMR: 11/13; 111/139			CCC | Article 508-G, Number 2, Paragraph c)
417-2 Incidents of non-compliance related to information/labelling of products and services In the reporting period there is no record of such occurrences.			16	CCC | Article 508-G, Number 2, Paragraph e)
417-3 Incidents of non-compliance related to marketing communications During the reporting period there is a record of an occurrence of this nature, which resulted in a € 3,000 fine.			16	
INDICATOR/RESPONSE	**LOCATION**	**UNGC PRINCIPLES**	**SDG**	**LEGAL CORRESPONDENCE**
GRI 418: 2016 Customer Privacy				

Management Approach				
103-1 Explanation of the material topic and its boundary	IMR: 127			CCC | Article 508-G, Number 2, Paragraph b)
103-2 The management approach and its components	IMR: 111/139			
103-3 Evaluation of the management approach	11/13; 111/139			CCC | Article 508-G, Number 2, Paragraph c)
418-1 Founded complaints regarding breaches of customer privacy and losses of customer data In the reporting period there were 136 recorded complaints regarding costumer privacy breach and loss of customer data.				CSC | Article 508-G, Number 2, Paragraph e)
GRI 419: 2016 Socioeconomic Compliance				
Management Approach				
103-1 Explanation of the material topic and its boundary	IMR: 127			CCC | Article 508-G, Number 2, Paragraph b)
103-2 The management approach and its components	IMR: 111/139			
103-3 Evaluation of the management approach	IMR: 111/139			CCC | Article 508-G, Number 2, Paragraph c)
419-1 Non-compliance with laws and regulations in the social and economic areas In the reporting period, there are two occurrences of this nature. One of the proceedings resulted in a fine of € 13.500 euros and the other in a fine of € 3000.			16	CCC | Article 508-G, Number 2, Paragraph e)

Subtitle:
IMR – Integrated Management Report 2021
CFS – 2021 Consolidated Financial Statements
UNGC principles - United Nations Global Compact
SDG - Sustainable Development Goals
CGR – 2021 Corporate Governance Report
DL89 - Decree-Law nº. 89/2017 of July 28th
CCC - Portuguese Commercial Companies Code | Amendments introduced by Decree-Law nº. 89/2017 of July 28th
PSC - Portuguese Securities Market Code | Amendments introduced by Decree-Law nº. 89/2017 of July 28th

8.2 ADOPTION OF THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD) RECOMMENDATIONS)

TCFD RECOMMENDATIONS		NOS DISCLOSURE	
Recommendation	**Recommended disclosure**	**Information disclosed by NOS**	**Reference**
GOVERNANCE **Disclose the organization's governance model for climate risks and opportunities**	a) Describe the process of monitoring climate risks and opportunities, at the level of the Board of Directors	Our response to the CDP Climate Change survey details climate monitoring responsibilities and processes at the NOS Board of Directors level. In the Integrated Annual Report, we present the way in which we are globally organized to manage sustainability issues.	**Response to 2021CDP Climate Change – C1.1, C1.1a, C1.1b** 2021 Integrated Annual Report – sections 3.3.2, 6.1
	b) Describe the role of management in assessing and managing climate risks and opportunities	Our response to the CDP Climate Change survey details the responsibilities and processes for climate assessment and management, at the management level immediately below the NOS Board of Directors. In the Integrated Annual Report, we present the way in which we are globally organized to manage sustainability issues.	**Response to 2021 CDP Climate Change – C1.2, C1.2a** 2021 Integrated Annual Report – sections 3.3.2, 6.1
STRATEGY **Disclose the actual and potential impact of climate risks and opportunities on business strategy and financial planning, to the extent that this information is material**	a) Describe the identified climate risks and opportunities in the short, medium, and long term	In our response to the CDP Climate Change survey, we annually disclose a detailed characterization of the risks (physical and transitional) and climate opportunities that we have identified, including the respective drivers, potential financial impact, response mechanisms and response cost. In the Integrated Annual Report, we present the most relevant risks identified each year, including risks associated with ESG topics, which include climate risks.	**Response to 2021 CDP Climate Change – C2.1a, C2.1b, C2.3a, C2.4a** 2021 Integrated Annual Report – section 6.2.2
	b) Describe the impact of climate risks and opportunities on business strategy and financial planning	Our response to the CDP Climate Change survey details how the climate risks and opportunities that we have identified influence our business strategy (in terms of the products and services we place on the market, our own operations, and the value chain) and how we plan resources (in terms of revenue, capital costs and operating costs). The Integrated Annual Report presents the NOS Next Generation 2021-2025 business strategy and its integration with ESG topics, including those related to climate.	**Response to 2021 CDP Climate Change – C3.1, C3.1b, C3.3, C3.4** 2021 Integrated Annual Report – section 4.2
	c) Describe the resilience of the organization's strategy considering different climate scenarios, including 2°C or lower scenarios	We have not yet conducted a scenario analysis that allows a complete assessment of the resilience of our business strategy, in different scenarios of physical, regulatory and market consequences of climate change.	**Response to 2021 CDP Climate Change – C3.2, C3.2b**

TCFD RECOMMENDATIONS		NOS DISCLOSURE	
Recommendation	**Recommended disclosure**	**Information disclosed by NOS**	**Reference**
RISK MANAGEMENT **Disclose how the organization identifies, assesses, and manages climate risks**	a) Describe the processes for identifying and assessing climate risks	Our response to the CDP Climate Change survey details the responsibilities and processes we have implemented to manage climate risks and opportunities (identification, assessment, and management) and how they fit into the NOS risk management model. The Integrated Annual Report presents in detail our global risk management model, including its methodology and processes.	Response to 2021 CDP Climate Change – C2.1a, C2.1b, C2.2a, C2.2b 2021 Integrated Annual Report – section 6.2.2
	b) Describe climate risk management processes		Response to 2021 CDP Climate Change – C2.1a, C2.1b, C2.2a, C2.2b 2021 Integrated Annual Report – section 6.2.2
	c) Describe how climate risk identification, assessment and management processes are integrated into the organization's global risk management model		Response to 2021 CDP Climate Change – C2.1, C2.2 2021 Integrated Annual Report – section 6.2.2
INDICATORS AND TARGETS **Describe the indicators and targets used to assess and manage climate-relevant risks and opportunities, to the extent that this information is material**	a) Describe the indicators used to assess climate risks and opportunities, in line with the risk management strategy and process	The Integrated Annual Report provides detailed information on the indicators we use to monitor our climate performance and thus manage the risks and maximize the associated opportunities. These indicators include metrics of GHG emissions (absolute emissions, by scope), energy efficiency (energy consumption by data traffic), renewable electricity consumption and emissions avoided by using our products and services. Our response to the CDP Climate Change questionnaire also describes these indicators.	Response CDP Climate Change 2021 – C4.1, C4.1a, C4.2, C4.2a, C4.2b 2021 Integrated Annual Report – section 5.7.1
	b) Disclose scope 1, 2 and, if relevant, scope 3 greenhouse gas (GHG) emissions and associated risks	The Integrated Annual Report discloses the NOS carbon footprint, including scope 1 and 2 emissions and all relevant categories of scope 3 emissions. Quantification is done according to The GHG Protocol methodology, and the results are subject to independent external verification. Our response to the CDP Climate Change questionnaire also discloses these results.	Response to 2021 CDP Climate Change – C6.1, C6.3, C6.5 2021 Integrated Annual Report – section 5.7.1
	c) Describe the targets set to manage climate risks and opportunities and the performance on those targets	The Integrated Annual Report discloses the quantitative targets we have set for each of the indicators, as well as the annual performance on these targets. Our emission reduction targets (scope 1 and 2 and scope 3) are recognized as Science-Based Targets by the Science Based Target initiative. Our response to the CDP Climate Change survey also includes these targets and their performance.	Response to 2021 CDP Climate Change – C4.1, C4.1a, C4.2, C4.2a, C4.2b 2021 Integrated Annual Report – section 5.7.1

8.3 – METHODOLOGICAL NOTES

201-1 Direct economic value generated and distributed

Economic value generated: The economic value generated is equivalent to the turnover and corresponds to the sum of the following parts: net sales; financial investment income; revenue from asset sales.

Distributed economic value: The economic value distributed is equivalent to the costs of procuring products, materials and services and corresponds to the sum of the following parts: operating costs; salaries and benefits to employees; payments to capital providers and shareholders; payments to governments; investments in the community (in the form of donations);

Accumulated economic value: The accumulated economic value corresponds to the difference between the economic value generated and the economic value distributed.

204-1 Proportion of expenses with local suppliers

For NOS, a national supplier is a Supplier with headquarters in the country of the NOS company. For example, for "NOS Sistemas Espanha," a Spanish supplier is a national supplier. Intragroup expenses are not considered.

401-1 New hires and employee net replacement

In calculating the admissions and net replacement rates the following formulas were used:

Admission rate: Number of admissions/total number of employees*

Net Replacement Rate: [((Entries-Exits) + Total number of employees*) /Total number of employees*]-1

*(as of December 31, of each year)

401-3 Return to work and employee retention rates

In calculating the rates of return to work and retention the following formulas were used:

Return rate: Total number of employees returning after the period of compulsory parental leave /Total number of employees that should return to work after compulsory parental leave) * 100

Retention rate: Total number of employees who returned to work after the period of compulsory parental leave and remain employed after 12 months / Total number of employees who returned to work after the period of compulsory parental leave in the previous period) * 100

403-9 Occupational accidents

403-10 Occupational diseases

Occupational accidents: for the purposes of accounting for work accidents that occurred in the reporting period, all accidents reported to the People and Organization Department are considered.

Days lost: Only working days are counted in the counting of days lost. The counting of lost days starts the day after the date of the accident.

Occupational diseases: For NOS, occupational diseases are related to the type of work developed by the employee and predictably they would be related to psychiatric leave, nervous exhaustion, tendinitis, and musculoskeletal injuries. For the purposes of reporting this indicator, are considered as occupational diseases those communicated and proven in the reporting year.

Absenteeism: number of working days lost, with the exception of vacation days and leaves decided by the company.

Accident rates: in calculating the accident rates the following calculation formulas were used:

Frequency rate
= (number of work accidents occurred in the reporting period / Nº. of workable hours) * 1000000

Lost Days Rate
(specific indicator, non-GRI Standards 2018)
= (number of lost working days related to work accident or occupational disease in the reporting period / Nº. of workable hours) * 1000000

Absenteeism rate
(specific indicator, non-GRI Standards 2018)
= number of working days lost due to absence / number of workable days

404-1 Average hours of training per year and per employee

In calculating the average number of training hours, per gender and organizational group, the following calculation formulas were used:

Average number of hours of training per employee: Total number of training hours/Total number of employees *

Average hours of training per gender (M / F): Total number of training hours per gender (M/F) / Total number of employees * per gender (M/F)

Average number of training hours per organizational group (M/F): Total number of training hours per organizational group / Total number of employees* in each organizational group

*(as of December 31, of each year)

302 - Energy consumption and energy efficiency

Global energy consumption: Total energy consumption associated with NOS activity. Includes consumption of fossil fuels (fleet, buildings, cinemas, and emergency generators), consumption

of electricity, heat and cold purchased from third parties (technical infrastructure, buildings, own stores, and cinemas) and consumption of electricity from renewable self-generation (micro-generation of electricity on mobile network sites and solar thermal energy in buildings).

The indicator is expressed in Gigajoule (GJ) using the most recent versions of conversion factors published by the Portuguese national authorities: Lower calorific value and fuel density (General Direction of Energy and Geology).

Data traffic: Total volume of data traffic in the NOS telecommunications network. Includes mobile (UMTS and GPRS) and fixed data. It includes traffic associated with the non-linear TV services (streaming) and excludes linear TV (broadband).

Energy consumption per data traffic volume: Ratio between the overall energy consumption of NOS, expressed in GJ, and the volume of data traffic on the company's telecommunications network, expressed in terabytes (TB). It does not reflect the voice traffic on the network or data centre activity that does not involve traffic in the external network to these facilities.

305 - Carbon footprint

Methodology: The NOS carbon footprint is accounted for in accordance with The GHG Protocol Corporate Accounting and Reporting Standard - Revised Edition (2004) methodology, complemented by the guidelines contained in The GHG Protocol Scope 2 Guidance (2015), in the accounting of scope 2 emissions, and The GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011), in the accounting of scope 3 emissions. The consolidation approach used is operational control. Emissions from the operation of NOS Madeira and NOS Azores, included in the consolidation perimeter, were estimated based on the respective number of customers.

Greenhouse gas (GHG): The GHGs included are carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), and fluorinated gases (hydrofluorocarbons - HFCs; Perfluorocarbons - PFCs, Sulphur hexafluoride - SF6; nitrogen trifluoride - NF3). The results are converted to equivalent carbon dioxide (CO2e) using the Global Warming Potential (GWP) values published in the Intergovernmental Panel on Climate Change Forth Assessment Report.

Scope 1 emissions: Total direct emissions occurring in sources owned or controlled by NOS. Includes emissions associated with fixed and mobile combustion of fossil fuels and fugitive emissions of refrigeration gases used in equipment.

Fossil fuels - Emissions calculated based on the fuel supplied and on conversion factors contained in the most recent issue of the National Emissions Inventory (Portuguese Environment Agency). For road diesel and gasoline, we use the latest information on the incorporation rate of biofuels (biodiesel and bioethanol, respectively) commercialized in Portugal.

Fluorinated gases – Emissions calculated by applying GWP values, specific for each type of gas, to the quantities emitted. It is considered that the amount emitted is equal to the amount consumed to replenish leaks.

Scope 2 emissions: Total emissions associated with the production of energy purchased from third parties and consumed in NOS facilities and equipment. It includes emissions associated with purchased electricity, heat and cold.

Electricity – Emissions calculated based on electric energy invoiced. The calculation according to the Location Based Method uses the representative conversion factor of the average carbon content of electricity from the electric grid in Portugal, according to the most recent data published by the International Energy Agency (data on electricity production in year nº.2). The calculation according to the Market Based Method uses the conversion factor specific to the carbon content of electricity supplied by the supplier during the reporting year, calculated based on the latest information available to date.

Thermal energy - Emissions calculated based on thermal energy (heat and cold) invoiced. The calculation uses the specific conversion factor of one of the two thermal energy suppliers. This factor is considered representative of the total supply considering the similarity of fuel (natural gas) and technology (cogeneration) used.

Scope 3 emissions: Total emissions associated with activities of third parties in the NOS value chain, upstream and downstream of own activities.

Purchased goods and services (category 1) – Emissions from the extraction of raw materials and the production of goods and services purchased in the reporting year. The calculation uses representative Life Cycle Analysis (LCA) data for customer equipment, industry representative data for services provided by other operators, industry proxies for media content production and Environmentally Extended Input--Output (EEIO) tables for the remaining categories of goods and services.

Capital goods (category 2) - Emissions from the extraction of raw materials and the production of fixed assets acquired in the reporting year. The calculation uses representative LCA data for capitalized customer equipment and EEIO tables for the remaining categories.

Fuel and energy related emissions, not included in scope 1 and 2 (category 3) – Upstream emissions (extraction, refining and transport) in the life cycle of fossil fuels, electricity and thermal energy consumed and emissions from the production of electricity lost in the transmission and distribution network. The calculation uses reference ACV emission factors and national values for T&D losses in Portugal and for the location-based emission factor.

Upstream and downstream transportation and distribution (categories 4 and 9) – Emissions from subcontracted logistics and distribution. It includes emissions from electricity consumption in the logistics centre and transport of customer equipment to the store network and to the customer's premises (direct and reverse logistics). It accounts for both transports paid for by NOS (category 4) and transport paid for by customers and partners (category 9). The calculation uses specific activity data (weights carried, distances travelled and vehicle type) and specific emission factors by vehicle type.

Waste generated in the operation (category 5) – Emissions from the disposal and treatment of waste and wastewater generated in the own operation. The calculation uses reference emission factors and excludes emissions from recycling and energy recovery operations, allocated to the recycling and energy sectors, respectively.

Business travel (category 6) – Emissions from employee missions in third-party vehicles (airplane, train, and taxi). The calculation uses information on distances travelled and number of passengers and a reference emission factor. Air travel emissions include Radiative Force Index.

Employee commuting (category 7) – Emissions from employee commuting in non-company vehicles. The calculation uses specific data on the mobility patterns of NOS employees, obtained through surveys, and emission factors representative of each transport mode.

Upstream leased assets (category 8) – Emissions from electricity consumption on company equipment at third-party facilities (shared sites of other operators, rented locations and equipment in housing). The calculation uses electricity consumption estimates based on similar equipment and location-based emission factors.

Use of sold products (category 11) – Emissions from electricity consumption, over the entire useful life, of customer equipment, in the mobile and fixed segments, sold or installed by the company in the reporting year. The calculation uses representative data on energy consumption, lifetime, logistical process, and usage patterns of equipment sold each year, and location-based emission factors.

End-of-life treatment of sold products and packaging (category 12) – Emissions from the processing, at the respective end of life, of waste from customer equipment sold or installed in the reporting year and the respective packaging. The calculation considers recovery rates for electrical and electronic equipment and packaging in Portugal and reference emission factors. It excludes emissions from recycling and energy recovery operations, allocated to the recycling and energy sectors, respectively.

Franchised stores (category 14) – Emissions from electricity consumed in stores managed by third parties, under franchising. The calculation uses consumption estimates – based on average consumption by area at NOS owned stores and the total area of the franchised store network – – and location-based emission factors.

Investments (category 15) – Scope 1 and 2 emissions, on the % of the capital held, of associated companies and joint ventures not consolidated in the accounts by the full consolidation method. The calculation uses estimates based on the NOS ratio of emissions per revenue for affiliates in the telecommunications sector and EEIO tables for the others. Affiliates and joint ventures in which NOS is the largest customer are excluded, since the emissions associated with the acquisition of the respective goods and services are already accounted for in categories 1 and 2.

Category 10 (processing of sold products) and category 13 (downstream leased assets) are not applicable, as NOS does not sell intermediate products and does not lease assets to third parties.

Electromagnetic fields

Radiation exposure threshold values - Maximum value of power density allowed for exposure to the electromagnetic field, depending on the frequency under analysis, according to Ordinance N°. 1421/2004 of November 23rd, which follows the Council Recommendation 1999/519/EC of 12th July and Regulation N°. 86/2007.

Compliance Indicators – Non-conformities
For the purpose of reporting this indicator all legal proceeding, which resulted in the application to NOS of any sanctions for non-compliance with laws or resolutions issued by the regulatory authority, were considered.

8.4 GLOSSARY

%: Percentage
AdC – Competition Authority
AI: Artificial Intelligence
ANACOM: National Communications Authority
ANEPC: National Emergency and Civil Protection Authority
ANFR: L'Agence Nationale des Fréquences
APA: Portuguese Environment Agency
APAN: Portuguese Advertisers Association
APCC: Portuguese Contact Centers Association
App: Application
APRITEL: Electronic Communications Operator Association
ARPU: Average revenue per unit
AV: Audiovisuals
HVAC: Heating, Ventilating, Air Conditioning
AVMS: Audiovisual Media Services
AWS: Amazon Web Services
B2B: Business to Business
B2C: Business to Consumer
BCM: Business Continuity Management
BCSD: Business Council for Sustainable Development
BIA: Business Impact Analysis
CAPEX: Capital expenditures
CCO: Chief Compliance Officer
CDP: Disclosure, Insight Action
CENELEC: European Committee for Electrotechnical Standardization
CEO: Chief Executive Officer
CFEI: Extraordinary Investment Tax Credit
CFO: Chief Financial Officer
CJEU- Court of Justice of the European Union
CMVM: Portuguese Securities Market Commission
CNPD – National Data Protection Association
CO2: Carbon Dioxide
CSA: Corporate Sustainability (S&P)
CSI: Solidarity Supplement for the Elderly
CTO: Chief Technology Officer
DECO: Portuguese Consumer Right Association
DESI: Digital Economy and Society Index
DGEEC: Directorate-General for Statistics of Education and Science
DL: Decree-Law
DNA: DeoxyriboNucleic Acid
DNS: Domain Name System
DPO: Data Protection Officer
DVD: Digital Versatile Disc
DWDM: Dense Wavelength Division Multiplexing
DWP: Digital With Purpose
EBITDA: Earnings before interest, taxes, depreciation and amortization
E-Cycle: EEE Producer Association
EECC: European Electronic Communications Code
EGDC: European Green Digital Coalition
ELV: Exposure Limit Values
EMF: Eletromagnetic Fields
ERC: Media Regulatory Entity
ERDS: Electronic Report Deliverable Submission
ERM: Enterprise Risk Management
ESG: Environmental, Social and Governance
ETIS - The Community for Telecom Professionals
EU: European Union
FASG: Fraud and Security Group
FC Porto: Porto Football Club
FEVIP: Portuguese Association for Audiovisual Work Protection
FttH: Fibre-to-the-Home
g: Grame
Gbps: Gigabits per second
GDP: Gross Domestic Product
GDPR: General Data Protection Regulation
GEDIPE: Association for the Collective Management of Copyright and Cinema Producers
GEI: Gender-Equality Index (Bloomberg)
GeSI: Global Enabling Sustainability Initiative
GHG: Green House Gas
GHz: Giga Hertz
GJ: Giga Joules
GNS: National Security Office
GRC: Governance, Risk & Compliance
GRI: Global Reporting Initiative
GSMA: Groupe Speciale Mobile Association
GWh: GigaWhatt-hour
GWP: Global Warming Potential
HFC: Hybrid Fibre Coax
HICP: Harmonized Índex for Consumer Pricing
Hz: Hertz
ICA: Cinema and Audiovisuals Institute
ICNF: Conservation of Nature and Forests
ICNIRP: International Commission on Non-Ionizing Radiation Protection
ICT: Information and Communication Technology
IFRS: International Financial Reporting Standards
IGAC: Inspectorate-General for Cultural Activities
IIRC: International Integrated Reporting Council
IMF: International Monetary Fund
IMS: Integrated Management System
INE: National Statistics Institute
INOV: Systems and Computer Innovation Engineering Institute
iOS: Apple Operating System
IoT: Internet of Things
IP: Internet Protocol
IPE: Individual Protection Equipment
IPMA: Portuguese Sea and Atmosphere Institute
IPSS: Private Social Support Institutions
IS – Information Systems
ISM: Information Security Management
ISO: International Organization for Standardization
ISP: Internet Service Provider
ISP: Information Security Policy
ISQ: Institute of Welding and Quality
IST: Instituto Superior Técnico
IT – Information Technology
ITU: International Telecommunication Union
k: Thousand
KAM - Key Audit Matters
kg: Kilogramme
KPI: Key Performance Indicator
KRI - Key Risk Indicator
kWh: KiloWhatt-hour
M€: Millions of Euros
Mbps: Megabit per second
MEC: Multi-access Edge Computing
MHz: Mega Hertz
MSC: Mobile Switching Centre
MSCI: Morgan Stanley Capital International
MSM: Mustard Seed MAZE
Nr.: Number
NB IoT: Narrow Band Internet of Things
NPS: Net Promoter Score
OFCOM: Office of Communications (United Kingdom)
OHS: Occupational Health and Safety
OPEX: Operational Expenditure
OTT: Over the Top players
P&S: Products & Services
PC: Personal Computer
PIA: Privacy Impact Assessment
PPA: Power Purchase Agreement
PUE: Power Usage Effectiveness
PWIT: Portuguese Women in Tech
R&D: Research & Development
RA: Risk Assessment
RAN - Radio Access Network
RGU: Revenue generating unit
RPA: Record of processing activities
RPA: Robotic Process Automation
RSI: Social Insertion Income
S&P: Standard & Poor's
S.A: Sociedade Anónima (Anonimous Society)
SBT: Science Based Target
SBTi: Science Based Targets initiative
SD-WAN: Software-defined Wide Area Network
SDG: United Nations Sustainable Development Goals
SGPS: Sociedade Gestora de Participações Sociais (holding company)
SIFIDE: Tax Incentive for Corporate R&D System
SIRSCE: Regulation on the security and integrity of electronic communications networks and services
SIS: Simplified Information Sheet
SL Benfica: Sport Lisboa e Benfica Football Club
SLLP: Sustainability Linked Loan Principles
SMS: Short Message Service
SOC - Security Operations Centre
STEM (Science, Technology, Engeneering and Mathematics)
SVoD: Subscription Video On Demand
t: Tonne
TB: Terabyte
TCFD: Task Force on Climate-Related Financial Disclosures
tCO2e: equivalent CO2 tonne
TV: Television
UNGC: United Nations Global Compact
URL: Uniform Resource Locator
USA: United States of America
VDI: Virtual Desktop Infrastructure
VoC: Voice of the Customer
VoLTE: Voice over LTE (Long-Term Evolution)
VPN: Virtual Private Network
vs: Versus
WEPs: Women's Empowerment Principles
WEEE: Waste Electric and Electronic Equipment
WHO: World Health Organization
YoY: Year over Year

8.5 EXTERNAL VERIFICATION STATEMENT

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(Translation from the original document in the Portuguese language.
In case of doubt, the Portuguese version prevails)

Independent Limited Assurance Report of the sustainability information disclosed in the Integrated Management Report

To the Board of Directors of
NOS S.G.P.S., S.A.

Introduction

1. We have been engaged by the Board of Directors of NOS S.G.P.S., S.A. to proceed with the independent review of the sustainability information disclosed in the 2021 Integrated Management Report, hereinafter the "Integrated Report", relating to the sustainability performance from 1 January 2021 to 31 December 2021.

Responsibilities

2. The Board of Directors is responsible for preparing the sustainability information disclosed in the "Integrated Report", and to maintain an appropriate internal control system that allows the information presented to be free of material misstatements due to fraud or error.

3. It is our responsibility to issue a limited assurance report, professional and independent, based on the procedures performed and described in the "Scope" section below.

Scope

4. Our review procedures have been planned and executed in accordance with the International Standard on Assurance Engagements (ISAE 3000, Revised) – "Assurance engagements other than Audits and Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standard Board, for a limited level of assurance.

5. A limited assurance engagement consists mainly in the formulation of questions to those in charge of the organization and in analytical procedures, including review tests on a sample basis. Therefore, the assurance provided by these procedures is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our independent review procedures comprised the following:

   - Conducting interviews with Management, in order to understand how the information system is structured and assess their level of knowledge of the topics addressed in the report;
   - Review of the processes, criteria and systems adopted to collect, consolidate, report and validate the data for the year 2021;
   - Analytical review, on a sample basis, of the data calculated by Management, and verification of quantitative and qualitative information disclosed in the report;
   - Confirmation on how collection, consolidation, validation and report procedures are being implemented in selected operating units;
   - Verification of the conformity of the sustainability information included in the "Integrated Report" with the results of our work.

6. Regarding sustainability reporting standards of the Global Reporting Initiative – GRI Standards, we performed a review of the self-evaluation made by Management of the adopted option to apply the GRI Standards and conformity with Article 508-G of the Portuguese Companies Act (*Código das Sociedades Comerciais*) and 245-A, paragraph r) of the Securities Market Code (*Código do Mercado dos Valores Mobiliários*) with respect to non-financial and diversity disclosures.

Sociedade Anónima - Capital Social 1.335.000 euros - Inscrição n.º 178 na Ordem dos Revisores Oficiais de Contas - Inscrição N.º 20161480 na Comissão do Mercado de Valores Mobiliários
Contribuinte N.º 505 988 283 - C. R. Comercial de Lisboa sob o mesmo número – Sede: Av. da República, 90 – 6.º - 1600-206 Lisboa
A member firm of Ernst & Young Global Limited

Quality and independence

7. Our firm applies International Standard on Quality Control 1 (ISQC 1), and consequently maintains a global quality control system which includes documented policies and procedures relating to compliance with ethical requirements, professional standards, and the legal and regulatory provisions applicable and we comply with the independence and ethical requirements of the International Ethics Standards Board for Accountants (IESBA) Code of Ethics and the Code of Ethics of the Order of Chartered Accountants (OROC).

Conclusion

8. Based on our work, nothing has come to our attention that causes us to believe that the systems and procedures for the collection, consolidation, validation and reporting of the sustainability information included in the "Integrated Report" are not operating appropriately and the information disclosed is not free from relevant material misstatements. Additionally, we concluded that the sustainability information included in the "Integrated Report" includes the required data and information for a Core option as defined by the GRI Standards and by the Article 508-G of the Portuguese Companies Act and paragraph r) of the article 245-A of the Securities Market Code.

Porto, 3rd March 2022

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)

Sandra e Sousa Amorim - ROC nº 1213
Registered with the Portuguese Securities Market Commission under license nº 20160824

CONSOLIDATED FINANCIAL STATEMENTS

02

CONSOLIDATED STATEMENT OF THE FINANCIAL POSITION

AT 31 DECEMBER 2020 AND 2021

(Amounts stated in thousands of euros)

	NOTES	31-12-2020	31-12-2021
ASSETS			
NON - CURRENT ASSETS:			
Tangible assets	8	991,613	1,041,100
Investment property		637	621
Intangible assets	9	1,041,087	1,205,031
Contract costs	10	162,123	162,118
Rights of use	11	260,097	236,063
Investments in jointly controlled companies and associated companies	12	10,897	18,091
Accounts receivable - other	13	7,504	5,914
Tax receivable	14	149	149
Other financial assets non-current	15	579	2,074
Deferred income tax assets	16	82,782	81,390
Derivative financial instruments	21	-	361
TOTAL NON - CURRENT ASSETS		**2,557,468**	**2 752 912**
CURRENT ASSETS:			
Inventories	17	43,628	44,014
Accounts receivable - trade	18	290,652	323,934
Contract assets	19	61,602	61,764
Accounts receivable - other	13	28,610	18,392
Tax receivable	14	2,894	2,538
Prepaid expenses	20	34,054	44,878
Non-current assets held-for-sale		450	-
Derivative financial instruments	21	-	61
Cash and cash equivalents	22	153,285	10,902
TOTAL CURRENT ASSETS		**615,175**	**506,483**
TOTAL ASSETS		**3,172,643**	**3,259,395**
SHAREHOLDER'S EQUITY			
Share capital	23.1	5,152	5,152
Capital issued premium	23.2	854,219	854,219
Own shares	23.3	(14,859)	(12,353)
Legal reserve	23.4	1,030	1 030
Other reserves	23.4	12,007	(35,586)
Net Income		92,000	144,159
EQUITY BEFORE NON - CONTROLLING INTERESTS		**949,549**	**956,621**
Non-controlling interests	24	6,685	6,379
TOTAL EQUITY		**956,234**	**963,000**
LIABILITIES			
NON - CURRENT LIABILITIES:			
Borrowings	25	1,363,514	1,275,541
Provisions	26	73,345	82,516
Accounts payable - other	30	40,050	38,502
Accrued expenses	27	505	497
Deferred income	28	4,729	4,230
Derivative financial instruments	21	655	-
Deferred income tax liabilities	16	5,025	5,159
TOTAL NON - CURRENT LIABILITIES		**1,487,823**	**1,406,445**
CURRENT LIABILITIES:			
Borrowings	25	167,126	301,068
Accounts payable - trade	29	252,607	279,993
Accounts payable - other	30	47,438	35,639
Tax payable	14	51,981	61,526
Accrued expenses	27	175,860	175,784
Deferred income	28	33,228	35,603
Derivative financial instruments	21	346	337
TOTAL CURRENT LIABILITIES		**728,586**	**889,950**
TOTAL LIABILITIES		**2,216,409**	**2 296,395**
TOTAL LIABILITIES AND SHAREHOLDER´S EQUITY		**3,172,643**	**3 259,395**

The Notes to the Financial Statements form an integral part of the consolidated statement of financial position as at 31 December 2021.

The Chief Accountant

The Board of Directors

CONSOLIDATED STATEMENT OF INCOME BY NATURE

FOR THE FINANCIAL YEARS ENDED ON 31 DECEMBER 2020 AND 2021

(Amounts stated in thousands of euros)

	NOTES	4º QUARTER 20	12M20	4º QUARTER 21	12M 21
REVENUES:					
Services rendered		318,611	1,262,980	336,097	1,295,248
Sales		29,210	86,309	42,295	109,186
Other operating revenues		6,488	18,597	6,990	25,865
	31	**354,309**	**1,367,886**	**385,382**	**1,430,299**
COSTS, LOSSES AND GAINS:					
Wages and salaries	32	21,876	85,331	20,956	82,036
Direct costs	33	100,080	348,776	100,667	375,440
Costs of products sold	34	24,832	74,312	39,851	99,075
Marketing and advertising		10,045	24,504	16,803	28,621
Support services	35	25,055	86,281	23,737	84,857
Supplies and external services	35	27,213	100,542	30,055	100,959
Other operating losses / (gains)		331	719	152	518
Taxes		8,255	32,747	7,663	31 153
Provisions and adjustments	36	4,635	11,493	5,262	9,679
Depreciation, amortisation and impairment losses	8,9,10,11 e 38	104,597	409,842	106,663	419,467
Reestructuring costs	39	1,033	5,523	1,799	8 539
Losses / (gains) on sale of assets, net		-	(290)	261	19
Other losses / (gains) non recurrent net	40	1,136	50,796	388	1,279
		329,088	**1,230,576**	**354,257**	**1,241,642**
INCOME BEFORE LOSSES / (GAINS) PARTICIPATED COMPANIES, FINANCIAL RESULTS AND TAXES		**25,221**	**137,310**	**31,125**	**188,657**
Net losses / (gains) of affiliated companies	12 e 37	(29)	9,099	1,140	(3,601)
Financial costs	41	8,908	22,218	9,172	34,118
Net foreign exchange losses / (gains)		90	548	(26)	(631)
Net losses / (gains) on financial assets		4	53	3	12
Net other financial expenses / (income)	41	1,081	3,814	738	3,123
		10,054	35 732	11 027	33 021
INCOME BEFORE TAXES		**15,167**	**101,578**	**20,098**	155,636
Income taxes	16	2,073	16,342	(3,915)	**11,783**
NET CONSOLIDATED INCOME FROM CONTINUING OPERATIONS		**13,094**	**85,236**	**24,013**	**143,853**
Net consolidated income from discontinued operadtions	48	-	6,407	-	-
NET CONSOLIDATED INCOME		**13,094**	**91,643**	**24,013**	**143,853**
ATTRIBUTABLE TO:			**6,407**	**-**	**-**
NOS Group Shareholders		12,879	92,000	24,138	144,159
Non-controlling interests	24	216	(357)	(124)	(306)
EARNINGS PER SHARES					
Basic - euros	42	0.03	0.18	0.05	0.28
Diluted - euros	42	0.03	0.18	0.05	0.28
EARNINGS PER SHARES FROM CONTINUING OPERATIONS					
Basic - euros	42	0,03	0,17	0.05	0.28
Diluted - euros	42	0.03	0.17	0.05	0.28
EARNINGS PER SHARES FROM DESCONTINUED OPERATIONS					
Basic - euros	42	0.00	0,01	-	-
Diluted - euros	42	0.00	0.01	-	-

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 consolidated statement of income by nature for the financial year ended on 31 December 2021.

The Chief Accountant

The Board of Directors

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEARS ENDED ON 31 DECEMBER 2020 AND 2021

(Amounts stated in thousands of euros)

	NOTAS	4º QUARTER 20	12M 20	4º QUARTER 21	12M 21
NET CONSOLIDATED INCOME		**13,094**	**91,643**	**24,013**	**143,853**
OTHER INCOME					
ITENS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO THE INCOME STATEMENT:					
Accounting for equity method	12	(760)	(3,536)	791	2,341
Fair value of interest rate swap	21	117	(13)	10	40
Deferred income tax - interest rate swap	21	(26)	3	(3)	(9)
Fair value of equity swaps	21	(145)	(181)	(44)	390
Deferred income tax - equity swap	21	33	41	10	(88)
Fair value of exchange rate forward	21	-	-	89	317
Deferred income tax - exchange rate forward	21	-	-	(26)	(92)
Currency translation differences and others		(48)	(368)	445	411
INCOME RECOGNISED DIRECTLY IN EQUITY		**(829)**	**(4,054)**	**1,272**	**3,310**
TOTAL COMPREHENSIVE INCOME		**12,266**	**87,589**	**25,285**	**147,163**
ATTRIBUTABLE TO:					
NOS Group Shareholders		12,050	87,946	25,409	147,469
Non-controlling interests		216	(357)	(124)	(306)
		12,266	**87,589**	**25,285**	**147,163**

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 consolidated statement of comprehensive income for the financial year ended on 31 December 2021.

The Chief Accountant

The Board of Directors

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

FOR THE FINANCIAL YEARS ENDED ON 31 DECEMBER 2020 AND 2021

(Amounts stated in thousands of euros)

		ATTRIBUTABLE TO NOS GROUP SHAREHOLDERS							
	NOTES	SHARE CAPITAL	CAPITAL ISSUED PREMIUM	OWN SHARES DISCOUNTS AND PREMIUMS	LEGAL RESERVE	OTHER RESERVES AND ACCUMULATED EARNINGS	NET INCOME	NON - CONTROLLING INTERESTS	TOTAL
BALANCE AS AT 1 JANUARY 2020		**5,152**	**854,219**	**(14,655)**	**1,030**	**16,041**	**143,494**	**7,042**	**1,012,322**
Result appropriation									
Transfers to reserves		-	-	-	-	143,494	(143,494)	-	-
Dividends paid	23.4	-	-	-	-	(142,516)	-	-	(142,516)
Aquisition of own shares	23.3	-	-	(5,722)	-	-	-	-	(5,722)
Distribution of own shares - share incentive scheme	23.3	-	-	5,008	-	(5,008)	-	-	-
Distribuition of own shares - other remunerations	23.3	-	-	510	-	(235)	-	-	275
Share Plan - costs incurred in the period and others		-	-	-	-	4,285	-	-	4,285
Comprehensive Income		-	-	-	-	(4,054)	92,000	(357)	87,589
BALANCE AS AT 31 DECEMBER 2020		**5,152**	**854,219**	**(14,859)**	**1,030**	**12,007**	**92,000**	**6,685**	**956,234**
BALANCE AS AT 1 JANUARY 2021		**5,152**	**854,219**	**(14,859)**	**1,030**	**12,007**	**92,000**	**6,685**	**956,234**
Result appropriation									
Transfers to reserves		-	-	-	-	92,000	(92,000)	-	-
Dividends paid	23.4	-	-	-	-	(142,376)	-	-	(142,376)
Aquisition of own shares	23.3	-	-	(2,069)	-	-	-	-	(2,069)
Distribution of own shares - share incentive scheme	23.3	-	-	3,977	-	(3,977)	-	-	-
Distribuition of own shares - other remunerations	23.3	-	-	598	-	(138)	-	-	460
Share Plan - costs incurred in the period and others	47	-	-	-	-	3,588	-	-	3,588
Comprehensive Income		-	-	-	-	3,310	144,159	(306)	147,163
BALANCE AS AT 31 DECEMBER 2021		**5,152**	**854,219**	**(12,353)**	**1,030**	**(35,586)**	**144,159**	**6,379**	**963,000**

The Notes to the Financial Statements form an integral part of the consolidated statement of changes in shareholders' equity for the financial year ended on 31 December 2021.

The Chief Accountant

The Board of Directors

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE FINANCIAL YEARS ENDED ON 31 DECEMBER 2020 AND 2021

(Amounts stated in thousands of euros)

	NOTES	12M 20	12M 21
OPERATING ACTIVITIES			
Collections from clients		1,608,633	1,642,771
Payments to suppliers		(785,091)	(820,060)
Payments to employees		(108,366)	(113,771)
Receipts / (Payments) relating to income taxes		(33,853)	(712)
Other cash receipts / (payments) related with operating activities		(1,079)	(2,090)
CASH FLOW FROM OPERATING ACTIVITIES (1)		**680,244**	**706,138**
INVESTING ACTIVITIES			
CASH RECEIPTS RESULTING FROM			
Disposal of discontinued operating unit	44.1	2,103	1,072
Tangible assets		374,409	1,976
Intangible assets		-	4
Interest and related income		3,150	3,718
		379,662	**6,770**
PAYMENTS RESULTING FROM			
Financial investments	44.2	(143)	(1,469)
Tangible assets		(215,469)	(271,223)
Intangible assets and contract costs		(260,369)	(406,079)
		(475,981)	**(678,771)**
CASH FLOW FROM INVESTING ACTIVITIES (2)		**(96,319)**	**(672,001)**
FINANCING ACTIVITIES			
CASH RECEIPTS RESULTING FROM			
Borrowings		268,507	288,000
		268,507	**288,000**
PAYMENTS RESULTING FROM			
Borrowings		(414,827)	(199,833)
Lease rentals (principal)		(69,808)	(78,270)
Interest and related expenses		(26,649)	(40,507)
Dividends	23.4	(142,516)	(142,376)
Aquisition of own shares	23.3	(5,722)	(2,069)
		(659 522)	**(463,055)**
CASH FLOW FROM FINANCING ACTIVITIES (3)		**(391,015)**	**(175,055)**
Change in cash and cash equivalents (4)=(1)+(2)+(3)		192,910	(140,918)
Effect of exchange differences		(123)	74
Cash and cash equivalents deducted from the sale of NOS Towering	49	(45,030)	-
Cash and cash equivalents deducted from the sale of NOS Internacional Carrier Services	48	(43)	-
Cash and cash equivalents at the beginning of the year		3,301	151,015
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**22**	**151,015**	**10,171**

The Notes to the Financial Statements form an integral part of the consolidated statement of cash flows for the financial year ended on 31 December 2021.

The Chief Accountant

The Board of Directors

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2021

(Amounts stated in thousands of euros, unless otherwise stated)

1. INTRODUCTORY NOTE

NOS, SGPS, S.A. ("NOS", "NOS SGPS" or "Company"), formerly named ZON OPTIMUS, SGPS, S.A. ("ZON OPTIMUS") and until 27 August 2013, named ZON Multimédia – Serviços de Telecomunicações e Multimédia, SGPS, S.A. ("ZON"), with Company headquarters registered at Rua Actor António Silva, nº9, Campo Grande, was established by Portugal Telecom, SGPS, S.A. ("Portugal Telecom") on 15 July 1999 for the purpose of implementing its multimedia business strategy.

During the 2007 financial year, Portugal Telecom proceeded with the spin-off of ZON through the attribution of its participation in the company to their shareholders, which become fully independent from Portugal Telecom.

During the 2013 financial year, ZON and Optimus, SGPS, S.A. ("Optimus SGPS") have merged through the incorporation of Optimus SGPS into ZON. Thereafter, the Company adopted the designation of ZON OPTIMUS, SGPS, S.A..

On 20 June 2014, because of the launch of the new brand "NOS" on 16 May 2014, the General Meeting of Shareholders approved the change of the Company's name to NOS, SGPS, S.A..

The businesses operated by NOS and its associated companies, form the "NOS Group" or "Group", which includes cable and satellite television services, voice and Internet access services, video production and sale, advertising on Pay TV channels, cinema exhibition and distribution, the production of channels for Pay TV, management of datacentres and consulting services in IT, mainly in the Portuguese market.

NOS shares are listed on the Euronext Lisbon market. The shareholders' structure of the Group as at 31 December 2021 is shown in Note 23.

The business of NOS Comunicações, S.A. ("NOS SA") and its subsidiaries, NOS Açores, NOS Madeira and NOS wholesale 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"), and f) the provision of consultancy and similar services directly or indirectly related to the above mentioned activities and services. The business of these companies is regulated by Law no. 5/2004 (Electronic Communications Law), which establishes the legal regime governing electronic communications networks and services.

The main activity of NOS Audio – Sales and Distribution, S.A., previously designated NOS Lusomundo TV, S.A. and the result of the merger of NOSPUB with NOS Lusomundo TV on December 2020, is the negotiation, acquisition and distribution of content rights and other multimedia products to television and other platforms of distribution, currently producing films and series channels through the compilation of the acquired contents, which are distributed, among other operators, by NOS SA and its subsidiaries. This company also manages the advertising space on Pay TV channels and in the cinemas of NOS Cinemas.

NOS Audiovisuais and NOS Cinemas, together with their associated companies, operate in the audiovisual sector, which includes video production and sale, cinema exhibition and distribution, and the acquisition/negotiation of Pay TV and VOD (video-on-demand) rights.

NOS Sistemas is a company dedicated to datacentre management and consulting services in IT.

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 financial year ended on 31 December 2021 were approved by the Board of Directors and their issue authorised on 3 March 2022.

They are also subject to approval by the General Shareholders' Meeting, under the terms of commercial legislation in force in Portugal. The Board of Directors believes that these financial statements give a true and fair view of the Group's operations, financial performance, and consolidated cash flows.

2. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are described below. These policies were consistently applied to all the financial years presented, unless otherwise stated.

2.1 Principles of presentation

The consolidated financial statements of NOS were prepared in accordance with International Financial Reporting Standards ("IAS/IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") or by the former Standing Interpretations Committee ("SIC"), adopted by the European Union, effective as of 1 January 2021.

The consolidated financial statements are presented in euros as this is the main currency of the Group's operations and all amounts are presented in thousands of euros, except when referred to the financial statements of subsidiaries located abroad were converted into euros in accordance with the accounting policies described in Note 2.3.21.

The consolidated financial statements were prepared on a going concern basis from the ledgers and accounting records of the companies included in the consolidation (Annex A)), using the historical cost convention, adjusted when necessary for the valuation of financial assets and liabilities (including derivatives) at their fair value (Note 2.3.24).

In preparing the consolidated financial statements in accordance with IFRS, the Board used estimates, assumptions, and critical judgments with impact on the value of assets and liabilities and the recognition of income and costs in each reporting period. Although these estimates were based on the best information available at the date of preparation of the consolidated financial statements, current and future results may differ from these estimates. The areas involving a higher element of judgment and estimates are described in Note 3.

The Board of Directors is convinced that there are no material uncertainties that might question this assumption. An analysis was made that the Group has the necessary resources to continue its operations into the future, for a period of no less than 12 months from the reporting date.

In the preparation and presentation of the consolidated financial statements, the NOS Group declares that it complies explicitly and without reservation with IAS/IFRS reporting standards and related SIC/IFRIC interpretations as approved by the European Union.

Changes in accounting policies and disclosures

The following standards, interpretations, amendments and revisions adopted ("endorsed") by the European Union were mandatory for the first time on the financial year beginning 1 January 2021:

- Amendments to IFRS 4 - Insurance Contracts and Deferral of the application of IFRS 9. This amendment refers to the temporary accounting consequences, which result from the difference between the date of entry into force of IFRS 9 - Financial Instruments and of the future IFRS 17 - Insurance Contracts. Specifically, the amendment made to IFRS 4 postpones, until 1 January 2023, the expiry date of the temporary exemption from the application of IFRS 9, in order to align the effective date of the latter with that of the new IFRS 17.

The aforementioned temporary exemption is optional and only available to entities whose activities are mainly related to insurance.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2. These amendments are part of the second phase of the IASB's "IBOR reform" project and establish exemptions related to the impact on financial reporting of the change in the IBOR benchmark interest rates, by an alternative interest rate (Risk Free Rate (RFR)). The amendments include the following practical expedients:

  — Contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market interest rate.

  — Allow changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.

  — Provide temporary operational relief to entities that have to meet the identifiable requirement separately, when an RFR instrument is designated as a risk component hedge.

- Amendments to IFRS 16 - Leases – Covid-19 related rent concessions beyond 30 June 2021. On 28 May 2020, the amendment to IFRS 16 entitled 'Covid-19-Related Rent Concessions' was issued, introducing the following practical expedient: a lessee may choose not to assess whether a covid-19 related rent concession from a lessor is a lease modification.

The lessees, who choose to apply this expedient, account for any change in lease payments resulting from the covid-19 related rent concession the same way they would account for the change under IFRS 16, if the change were not a lease modification.

Initially, the practical expedient applied to payments originally due until 30 June 2021, however, due to the extension of the pandemic impact, on 31 March 2021, it was also extended to payments originally due until 30 June 2022. The change applies to annual reporting periods beginning on or after 1 April 2021.

In short, the practical expedient can be applied as long as the following criteria are met:

  — the change in lease payments results in a revised remuneration for the lease that is substantially equal to, or less than, the remuneration immediately preceding the change;

  — any reduction in lease payments only affects payments due on or before 30 June 2022;

  — there are no significant changes to other terms and conditions of the lease.

These standards and amendments had no material impact on the Group's consolidated financial statements, except the application of the amendment to IFRS 16, which resulted in a "less cost", on item "Supplies and external services" of approximately 7.8 million euros (Note 35).

The following standards, interpretations, amendments and revisions, with mandatory application in future financial years, were, until the date of approval of these financial statements, adopted ("endorsed") by the European Union:

- Amendments to IFRS 3 – References to the Conceptual Framework for Financial Reporting. Applicable in the European Union for financial years beginning on or after 1 January 2022. This amendment updates references to the Conceptual Framework in the text of IFRS 3, and no changes have been made to the accounting requirements for business activities concentrations. The accounting treatment to be adopted in relation to liabilities and contingent liabilities under IAS 37 and IFRIC 21, incurred separately versus those included in a business activities concentration, is also clarified. The amendment is prospectively applicable.

- Amendments to IAS 16 – Proceeds before intended use. Applicable in the European Union for financial years beginning on or after 1 January 2022. Clarifies the accounting treatment given to the consideration obtained from the sale of products, which results from the production in the testing phase of tangible fixed assets, prohibiting their deduction from the cost of asset acquisition. The entity recognizes the income obtained from the sale of such products and the costs of their production in profit or loss.

- Amendments to IAS 37 – Onerous contracts – Costs of fulfilling a contract. Applicable in the European Union to financial years beginning on or after 1 January 2022. This amendment specifies that in the assessment of whether or not a contract is onerous, only expenses directly related to the performance of the contract can be considered, such as incremental costs related to direct labor and materials and the allocation of other expenses directly related, such as the allocation of depreciation expenses of the tangible assets used to carry out the contract. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. This amendment shall apply to contracts which, at the beginning of the first annual reporting period to which the amendment is applied, still include unfulfilled contractual obligations, without the need to re-express the comparative.

- Amendments to IFRS 1 – Subsidiary as a first-time adopter of IFRS (included in the annual improvements for the 2018-2020 cycle). Applicable in the European Union for financial years beginning on or after 1 January 2022. This improvement clarifies that, when the subsidiary chooses to measure its assets and liabilities at the amounts included in the consolidated financial statements of the parent company (assuming that no adjustment has occurred in the consolidation process), the measurement of accumulated translation differences of all foreign operations can be carried out at the amounts that would be recorded in the consolidated financial statements, based on the date of transition of the parent company to IFRS.

- Amendments to IFRS 9 – Derecognition of financial liabilities – Fees to be included in the "10 percent" variation test (included in the annual improvements for the 2018-2020 cycle). Applicable in the European Union to financial years beginning on or after 1 January 2022. This improvement clarifies which fees an entity should include when assessing whether the terms of a financial liability are materially different from the terms of the original financial liability. This improvement clarifies that in the scope of derecognition tests carried out on renegotiated liabilities, only commissions paid or received between the debtor and creditor should be included, including commissions paid or received by the debtor or creditor on behalf of the other.

- Amendments to IAS 41 – Taxation in fair value measurements (included in the annual improvements for the 2018-2020 cycle). Applicable in the European Union to financial years beginning on or after 1 January 2022. This improvement eliminates the requirement to exclude tax cash flows in the measurement of the biological assets fair value, ensuring consistency with the principles of IFRS 13 – Fair value.

- IFRS 17 – Insurance Contracts. Applicable in the European Union to financial years beginning on or after 1 January 2023. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. Broadly speaking, IFRS 17 provides an accounting model for insurance contracts that is more useful and consistent for issuers. In contrast to the requirements in IFRS 4, which are based on previously addopted local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

The Group did not apply any of these standards in advance in the financial statements in the twelve-month period ended on 31 December 2021. No significant impacts on the financial statements resulting from their adoption are estimated.

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

- Amendments to IAS 1 – Presentation of financial statements – Classification of liabilities as current or non-current. This amendment seeks to clarify the classification of liabilities as current or non-current according to the rights that an entity has to defer its payment at the end of each reporting period. The classification of liabilities is not affected by the entity's expectations (the assessment should determine whether a right exists, but should not consider whether or not the entity will exercise such a right), or by events occurred after the reporting date, such as a breach of a "covenant". However, if the right to defer settlement for at least twelve months is subject to the fulfillment of certain conditions after the balance sheet date, these

criteria do not affect the right to defer settlement, whose purpose is to classify a liability as current or not current. This amendment also includes a new definition of "settlement" of a liability and is applicable retrospectively.

- Amendments to IAS 8 – Definition of accounting estimates. The amendment clarifies the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. Additionally, it clarifies how an entity uses measurement techniques and inputs to develop accounting estimates.

- Amendments to IAS 1 – Disclosure of accounting policies. These amendments are intended to assist the entity in the disclosure of 'material' accounting policies, previously designated as 'significant' policies. Due to the inexistence of this concept in IFRS, it was decided to replace it with the concept "materiality", a concept already familiar to users of the financial statements. When assessing the materiality of accounting policies, the entity should consider not only the size of transactions but also other events or conditions and their nature.

- Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction. The amendments clarify that payments that settle a liability are tax deductible, however it is a matter of professional judgment whether such deductions are attributable to the liability recognised in the financial statements or to the related asset. This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. Under these amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of an asset and a liability give rise to taxable and deductible temporary differences that are not equal.

- • Amendments to IFRS 17 – Insurance contracts – Initial application of IFRS 17 and IFRS 9 – Comparative information. This amendment to IFRS 17 refers to the presentation of comparative information on financial assets, in the initial application of IFRS 17. The amendment adds a transition option that allows an entity to apply an "overlay" in the classification of a financial asset in the comparative period(s) presented in the initial application of IFRS 17. The "overlay" allows all financial assets, including those held in connection with activities unrelated to contracts within the scope of IFRS 17, to be classified, instrument by instrument, in the comparative period(s) in line with how the entity expects these assets to be classified on initial application of IFRS 9.

These standards have not yet been adopted ("endorsed") by the European Union and, as such, were not applied by the Group in the twelve-month period ended on 31 December 2021. No significant impacts are estimated on financial statements resulting from its 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 24).

The identifiable acquired assets and the liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the acquisition date, irrespective of the existence of non-controlled interests. The excess of acquisition cost over the fair value of the Group's share of identifiable acquired assets and liabilities is stated in Goodwill. When the acquisition cost is less than the fair value of the identified net assets, the difference is recorded as a gain in the income statement in the period in which the acquisition occurs.

The non-controlling interests are initially recognised 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 recognised 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 recognised immediately in profit or loss.

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

Intercompany transactions, balances, unrealised gains on transactions and dividends distributed between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction shows evidence of impairment of the transferred asset.

When necessary, adjustments are made to the financial statements of controlled companies in order to align their accounting policies with those of the Group.

Jointly controlled companies

The classification of investments as jointly controlled companies is determined based on the existence of

shareholder agreements, which show and regulate the joint control. Financial investments of jointly controlled companies (Annex C)) are stated by the equity method. Under this method, financial investments are adjusted periodically by an amount corresponding to the share in the net profits of jointly controlled companies, as a contra entry in "Losses / (gains) of affiliated companies" in the income statement before financial results and taxes. Direct changes in the post-acquisition equity of jointly controlled companies are recognised 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 recognised, except when the Group has entered into undertakings with that entity.

Dividends received from these companies are recorded as a reduction in the value of the financial investments.

Associated companies

An associated company is a company in which the Group exercises significant influence through participation in decisions about its financial and operating policies, but in which does not have control or joint control.

Any excess of the acquisition cost of a financial investment over the fair value of the identifiable net assets is recorded as goodwill and is added to the value of the financial investment and its recovery is reviewed annually or whenever there are indications of possible loss of value. When the acquisition cost is less than the fair value of the identified net assets, the difference is recorded as a gain in the statement of comprehensive income in the period in which the acquisition occurs.

Financial investments in associated companies (Annex B)) are stated by the equity method. Under this method, financial investments are adjusted periodically by an amount corresponding to the share in the net profits of associated companies, as a contra entry in "Losses / (gains) of affiliated companies" in the income statement. Direct changes in the post-acquisition equity of associated companies are recognised 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 recognised, except when the Group has entered into undertakings with that associated company.

Dividends received from these companies are recorded as a reduction in the value of the financial investments.

Holdings in entities without significant influence

Investments made by the Group in entities where it does not have significant influence are initially recorded at cost and subsequently measured at fair value through profit or loss.

These investments are presented under "Other financial assets non-current" in the statement of financial position and changes in fair value are recorded against "Net losses / (gains) of affiliated companies" in the income statement.

Balances and transactions between group companies

Balances and transactions as well as unrealised gains between Group companies, and between them and the parent company, are eliminated in the consolidation.

The part of unrealised gains arising from transactions with associated companies or jointly controlled companies attributable to the Group is eliminated in the consolidation. Unrealised losses are similarly eliminated except when they show evidence of impairment of the transferred asset.

2.3 Accounting Policies

2.3.1 Segment Reporting

As stipulated in IFRS 8, the Group presents operating segments based on internally produced management information (Note 6).

Operating segments are reported consistently with the internal management information model provided to the chief operating decision maker of the Group, who is responsible for allocating resources to the segment and for assessing its performance, and for taking strategic decisions.

2.3.2 Classification of the statement of financial position and income statement

O Grupo apresenta os ativos e passivos na 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 realised, sold or consumed in its normal operational cycle;
- If the asset is held, essentially, for negotiation purposes;
- The asset is expected to be realised 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.

Realisable assets and liabilities due in less than one year from the date of the statement of financial position are classified as current in assets and liabilities, respectively.

In accordance with IAS 1, "Integration costs", "Losses / (gains) on disposal of assets" and "Other non-recurring costs / (gains)" reflect unusual costs and revenues, that should be disclosed separately from the usual cost and revenues lines, in order to avoid distortion of the financial information from regular operations, and be consistent with the way the group's financial performance is analysed 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, 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.

In the financial year ended on 31 December 2020, "Other non-recurring costs / (gains)" refer, predominantly, to costs incurred with Covid-19. These costs, directly attributable to the coronavirus outbreak, are both: a) incremental to the costs incurred before the outbreak and which are not expected to occur once the crisis has subsided and operations have returned to normal; and b) clearly separable from the Group's current operations. Namely, a) expenses with expected credit losses resulting from the prospect of significant worsening of bad debt, as a result of the economic downturn and increased unemployment, b) losses with contracts that became onerous due to the pandemic, c) charges with PPE and the purchase and more complete and / or more frequent use of cleaning and disinfection products in the facilities, d) temporary premium payments to compensate employees for the performance of their normal tasks at high exposure to coronavirus, among others.

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 8).

Estimated losses resulting from the replacement of equipment before the end of its useful life due to technological obsolescence are recognised by a deduction, from the corresponding asset as a contra entry in profit and loss. The costs of current maintenance and repairs are recognised as a cost when they are incurred. Significant costs incurred on renovations or improvements to the asset are capitalised 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 recognised in the item "Losses/ (gains) on disposal of assets".

Depreciation

Tangible assets are depreciated from the time they are completed or ready to be used. These assets, less their residual value, are depreciated by the straight-line method, in twelfths, from the month in which they become available for use, according to the useful life of the assets defined as their estimated utility.

The depreciation rates used correspond to the following estimated useful lives:

	2020 (YEARS)	2021 (YEARS)
Buildings and other constructions	2-50	2-50
Technical equipment:		
Network Installations and equipment	7-40	7-40
Terminal equipment	2-8	2-8
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 and entity that was disposed or is classified as held for sale and:

- Represents an important line of business or geographical area separated from the operational units;

- It is an integrant part of a single coordinated plan to dispose an important line of business or geographical area separated from the operational units or;

- It is a subsidiary acquired exclusively for resale.

Discontinued operations are excluded from the continued operations results and are presented in separate as an amount of net income after taxes from discontinued operations on the financial statement of income by nature.

2.3.5 Intangible Assets

Intangible assets are stated at acquisition cost, less accumulated amortisation and impairment losses, when applicable. Recognised 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 utilisation 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 i n circumstances indicate that the amount at which the asset is recorded may not be recoverable. When such indications exist, the Group calculates the recoverable value of the asset in order to determine the existence and extent of the impairment loss.

Goodwill

Goodwill represents the excess of acquisition cost over the net fair value of the assets, liabilities, and contingent liabilities of a subsidiary, jointly controlled company or associated company at the acquisition date, in accordance with IFRS 3.

Goodwill is recorded as an asset and included in "Intangible assets" (Note 9) in the case of a controlled company or in the case in which the excess of cost has been originated by a merger, and in "Financial investments in group companies" (Note 12) in the case of a jointly controlled company or an associated company.

Goodwill is not amortised and is subject to impairment tests at least once a year, on a specified date, and whenever there are changes in the test's underlying assumptions at the date of the statement of financial position which may result in a possible loss of value. Any impairment loss is recorded immediately in the income statement in "Impairment losses" and is not liable to subsequent reversal.

For the purposes of impairment tests, goodwill is attributed to the cash-generating units to which it is related (Note 9), which may correspond to the business segments in which the Group operates, or a lower level.

Internally generated intangible assets

Internally generated intangible assets, including expenditure on research, are expensed when they are incurred. Research and development costs are only recognised 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 realising the Group's activities, and include:

- Telecom licenses;

- Software licenses;

- Content utilisation rights;

- Other contractual rights.

The content exploration rights are recorded in the consolidated statement of financial position, as intangible assets, when the following conditions are fulfilled: (i) there is control over the content, (ii) the Company has the right to choose the way to explore the content, and (iii) it is available for exhibition.

The conclusion of contracts relating to sports contents, which are not immediately available, originates rights that are initially classified as contractual commitments.

In the specific case of broadcasting rights of sports competitions, these are recognised as assets when the necessary conditions to organise 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 recognised in the income statement in "Depreciation, amortisation, 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 recognised intangible assets involve payments in periods above 1 year, the intangible asset corresponds to the present value of those payments.

Amortisation

The useful lives of the intangible assets are classified as finite or indefinite.

Intangible assets with finite useful lives are amortised over their useful lives, with an impairment analysis carried out whenever there are indications that the amount at which the intangible asset is mentioned in the financial statements may not be recovered. The amortisation period and the amortisation 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 amortisation and, if verified, are treated as changes in accounting estimates. The amortisation costs of intangible assets with finite lives are recognised in the income statement.

The assets with finite useful life are amortised by the straight-line method, in twelfths, from the beginning of the month in which they become available for use.

	2020 (YEARS)	2021 (YEARS)
Telecom licences	30-33	20-33
Software licences	1-8	1-8
Content utilization rights	Period of the contract	Period of the contract
Other	1-20	1-20

The amortisation rates used correspond to the following estimated useful lives:

The intangible assets with indefinite useful lives are not amortised, and impairment assessments are performed annually.

Accordingly, the useful life of an intangible asset that is not being amortised is periodically reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If not, the change in the assessment of the useful life from indefinite to finite is accounted for as a change in an accounting estimate.

An intangible asset is unrecognised in its disposal moment, or when no future economic benefits from its use or disposal are expected. The gain or loss related with an unrecognised 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 recognised for the period expected to fulfill the contract (2 to 4 years).

The costs of attracting customers are essentially:

- Commissions paid to third parties with the acquisition of new contracts / new customers;
- Commissions paid to third parties for upgrading the services provided;
- Commissions paid to third parties for renewal of loyalty of services and offers to customers; and
- Several commissions with revenue collection.

The costs associated with fulfilling the contracts are essentially:

- Costs incurred with the portability of mobile / fixed numbers of other operators;
- Variable costs, variables, incurred with the activation of services contracted by customers.

2.3.7 Impairment of non-current assets, excluding goodwill

Group companies periodically carry out an impairment assessment of non-current assets. This impairment assessment is also carried out whenever events or changes in circumstances indicate that the amount at which the asset is recorded may not be recoverable. When such indications exist, the Group calculates the recoverable value of the asset to determine the existence and extent of the impairment loss.

The recoverable value is estimated for each asset individually or, if that is not possible, assets are grouped at the lowest levels for which there are identifiable cash flows to the cash-generating unit to which the asset belongs. Each of the Group's businesses is a cash-generating unit, except for the assets allocated to the cinema exhibition business, which are grouped into regional cash-generating units.

The recoverable amount is calculated as the higher of the net sale price and the current use value. The net sale price is the amount that would be obtained from the sale of the asset in a transaction between independent and knowledgeable entities, less the costs directly attributable to the sale. The current use value is the current value of the estimated future cash flows resulting from continued use of the asset or of the cash-generating unit. When the amount at which the asset is recorded exceeds its recoverable value, it is recognised as an impairment loss.

The reversal of impairment losses recognised in previous years is recorded when there are indications that these losses no longer exist or have decreased. The reversal of impairment losses is recognised in the statement of comprehensive income in the year in which it occurs. However, an impairment loss can only be reversed up to the amount that would be recognised (net of amortisation or depreciation) if no impairment loss had been recorded in previous years.

2.3.8 Financial Assets

Financial assets are recognised in the statement of financial position of the Group on the trade or contract date, which is the date on which the Group undertakes to purchase or sell the asset.

Initially, apart from commercial accounts receivable, financial assets are recognised at fair value plus directly attributable transaction costs, except for assets at fair value through income in which transaction costs are immediately recognised in income. Trade accounts receivable, at the initial time, are recognised at their transaction price, as defined in IFRS 15.

The financial assets are derecognised when: (i) the Group's contractual rights to receive their cash flows expire; (ii) the Group has substantially transferred all the risks and benefits associated with their ownership; or (iii) although it retains

part but not substantially all of the risks and benefits associated with their ownership, the Group has transferred control of the assets.

The financial assets and liabilities are offset and shown as a net value when, and only when, the Group has the right to offset the recognised amounts and intends to settle for the net value.

The Group classifies its financial assets into the following categories: financial assets at fair value through profit or loss, financial assets measured at amortised cost, financial assets at fair value through other comprehensive income. Its classification depends on the entity's business model to manage the financial assets and the contractual characteristics in terms of the cash flows of the financial asset.

Financial assets at fair value through profit and loss
This category includes financial derivatives and equity instruments that the Group has not classified as financial assets through other comprehensive income at the time of initial recognition. This category also includes all financial instruments whose contractual cash flows are not exclusively capital and interest.

Financial assets at fair value through results are presented in the financial statements at fair value, the net changes being known in the income statement. This category of assets includes derivative instruments and investments in listed companies for which the Company has not classified them as financial assets at fair value through other comprehensive income. Dividends from investments in listed companies are recognised as income in the income statement when the respective right of receipt is formalized.

Gains and losses resulting from changes in the fair value of assets measured at fair value through profit or loss are recognised in results in the year in which they occur under "Losses / (gains) on financial assets", including the income from interest and dividends.

Financial assets at fair value through other comprehensive income
Financial assets measured at fair value through other comprehensive income are those that are part of a business model whose objective is achieved through the collection of contractual cash flows and the sale of financial assets, being that these contractual cash flows are only capital and interest reimbursement on the capital in debt.

Financial assets measured at amortised cost
Financial assets measured at amortised cost are those that are included in a business model whose purpose is to hold financial assets in order to receive the contractual cashflows, being that these contractual cash flows are only capital reimbursement and interest payments on the capital in debt.

Financial assets measured at amortised cost are subsequently measured using the effective tax rate method and subject to impairment. Income and costs are recognised in the income statement when the asset is derecognised, updated or an impairment is recognised over it. Financial assets measured at the Company's amortised cost include accounts receivable and loans granted to related parties.

Cash and cash equivalents
The amounts included in "Cash and cash equivalents" correspond to the amounts of cash, bank deposits, term deposits and other investments with maturities of less than three months which may be immediately realisable and with a negligible risk of change of value.

For the purposes of the statement of cash flows, "Cash and cash equivalents" also includes bank overdrafts included in the statement of financial position under "Borrowings" (when applicable).

2.3.9 Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to their contractual substance irrespective of their legal form. Equity instruments are contracts that show a residual interest in the Group's assets after deducting the liabilities. The equity instruments issued by Group companies are recorded at the amount received, net of the costs incurred in their issue. Financial liabilities are recognised only when extinguished, i.e. when the obligation is settled, cancelled, or extinguished.

In accordance with IFRS 9, financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss. These liabilities, including derivatives that are liabilities, should subsequently be measured at fair value;
- Financial liabilities that arise when a transfer of a financial asset does not meet the conditions for derecognition or when it is applied the continued involvement approach;
- Financial guarantee contracts;
- The commitments to grant a loan at a lower interest rate than the market;
- The recognised contingent consideration by a buyer in a concentration of business activities to which IFRS 3 applies. Such contingent consideration shall be subsequently measured at fair value, with changes recognised in profit or loss.

Financial liabilities of the Group include borrowings, accounts payable and derivative financial instruments.

2.3.10 Impairment of financial assets

At the date of each financial position statement, the Group analyses and recognises expected losses on its debt securities, loans and accounts receivable. The expected loss results from the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original effective interest rate.

The objective of this impairment policy is to recognise expected credit losses over the respective duration of financial instruments that have undergone significant increases in credit risk since initial recognition, assessed on an individual or collective basis, taking into account all reasonable and sustainable information, including prospects. If, at the reporting date, the credit risk associated with a financial instrument has not increased significantly since the initial recognition, the 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, recognising 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 Derivate financial instruments

Initial and subsequent recognition

The Group uses derivative financial instruments, such as exchange rate forward contracts, interest rate swaps, to cover its exchange rate risks, interest, respectively. Such derivative financial instruments are initially recorded at fair value on the date the derivative is contracted and are subsequently measured at fair value. Derivatives are presented in assets when their fair value is positive and in liabilities when their fair value is negative.

In terms of hedge accounting, hedges are classified as:

- Fair value hedge when the purpose is to hedge the exposure to fair value changes of a registered asset or liability or an unregistered Groups' commitment;
- Cash flow hedge when the purpose is to hedge the exposure to cash flow variability arising from a specific risk associated with the whole or a component of a registered asset or liability or an anticipated highly probable occurrence or exchange risk associated with an unregistered Groups' commitment;
- Coverage of a net investment in a foreign operational unit.

NOS Group uses derivative financial instruments with fair value and cash flow hedges.

At the beginning of the hedge relationship, the Group formally designates and documents the hedging relationship for which hedge accounting is intended to apply as well as the management and strategy purpose of such hedge.

The documentation includes the identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all the following effectiveness requirements:

- There is an economic relationship' between the hedged item and the hedging instrument;
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group hedges and the quantity of the hedging instrument that the Group actually uses to hedges that quantity of hedged item.

Hedges that meet all the quantifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward contracts of: i) currency contracts for its exposure to foreign currency risk in forecast transactions and firm commitments; ii) interest rates to cover the risk of volatility of the interest rates; iii) own shares contracts for its exposure to volatility in own shares to be distributed within the scope of share incentive scheme. The ineffective portion relating to foreign currency contracts is recognised as "Net foreign exchange losses/(gains)", the ineffective portion relating to interest rates is recognised as "Financial costs" and the ineffective portion relating to own shares contracts is recognised as "Wages and salaries".

In the financial year ended on 31 December 2021, the Group did not change the recognition method.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a Group's commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

2.3.12 Inventories

Inventories, which mainly include mobile phones, customer terminal equipment, DVDs, and content broadcasting rights, are valued at the lower of their cost or net realisable 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 realisable value, whichever is the lower, and this reduction is recognised directly in the income statement.

The net realisable value corresponds to the normal sale price less restocking costs and selling costs.

The differences between the cost and the corresponding net realisable 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 realisable value, whenever it is lower, when programmatic content has been received and is available for exhibition or use, according to contractual conditions, without any production or change, given that the necessary conditions for the organization of each sports competition are present, which occurs in the homologation date of the participating teams in the competition that is being held in the sports season to be initiated, by the organizing entity. The stated rights are recognised in the income statement in "Direct costs: Exhibition costs", on a systematic basis given the pattern of economic benefits obtained through their commercial exploration. No balances of content rights are registered in the Inventories caption.

Due to the agreement between the three national operators of reciprocal availability, for several sports seasons "collaborative arrangement", of sports content (national and international) owned by them, (Note 43), NOS considered the recognition of the costs, excluding those divided by the remaining operators, on a systematic basis, given the pattern of economic benefits obtained through their commercial exploration.

2.3.13 Subsidies

Subsidies are recognised at their fair value when there is a reasonable assurance that they will be received and Group companies will meet the requirements for their award.

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

Investment subsidies are recognised in the statement of financial position as deferred income.

If the subsidy is considered as deferred income, it is recognised as income on a systematic and rational basis during the useful life of the asset.

2.3.14 Provisions and contingent liabilities

Provisions are recognised when: (i) there is a present obligation arising from past events and it is likely that in settling that obligation, the expenditure of internal resources will be necessary; and (ii) the amount or value of such obligation can be reasonably estimated. When one of the above conditions is not met, the Group discloses the events as a contingent liability unless the likelihood of an outflow of funds resulting from this contingency is remote, in which case they are not disclosed.

Provisions for legal procedures taking place against the Group are made in accordance with the risk assessments carried out by the Group and by their legal advisers, based on success rates.

Provisions for restructuring are only recognised when the Group has a detailed, formal plan, which identify the main features of the restructuring programme, and after these facts have been reported to the entities involved.

Provisions for dismantling costs, removal of assets and restoration of the site are recognised when the assets are installed, in line with the best estimates available at that date. The amount of the provisioned liability reflects the effects of the passage of time and the corresponding financial indexing is recognised in results as a financial cost.

Obligations that result from onerous contracts are registered and measured as provisions. There is an onerous contract when the Company is an integral part of a contract, which entail costs exceed the economic future economic benefits.

Provisions for potential future operating losses are not covered.

Contingent liabilities are not recognised in the financial statements, unless the exception provided under IFRS 3 business combination, and

are disclosed whenever there is a good chance to shed resources including economic benefits. Contingent assets are not recognised in the financial statements, being disclosed when there is a likelihood of a future influx of financial resources.

Provisions are reviewed and brought up to date at the date of the statement of financial position to reflect the best estimate at that time of the obligation concerned.

2.3.15 Rights of use and Leases

A lease is defined as a contract, or part of a contract, that transfers the right to use a good (the underlying asset) for a period in exchange for a value.

At the beginning of each contract, it is evaluated and identified if it is or contains a lease. This assessment involves an exercise of judgement as to whether each contract depends on a specific asset if NOS obtains substantially all the economic benefits from the use of that asset and whether NOS has the right to control the use of the asset.

All contracts that constitute a lease are accounted for based on the on-balance model in a similar way with the treatment that IAS 17 establishes for financial leases.

At the commencement date of the lease, NOS recognises the liability related to lease payments (lease liability) and the asset representing the right to use the underlying asset during the lease period (the right of use or "ROU").

The cost of interest on the lease liability and the depreciation of the ROU are recognised separately.

Lease liability is remeasured at the occurrence of certain events (such as a change in the lease period, a change in future payments that result from a change in the reference rate or rate used to determine such payments). This remeasurement of the lease liability is recognised as an adjustment in the ROU.

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

2.3.15.1 Rights of use of assets
The Group recognises the right to use the assets at the start date of the lease (that is, the date on which the underlying asset is available for use).

The right to use the assets is recorded at acquisition cost, deducted from accumulated depreciation and impairment losses and adjusted for any new measurement of lease liabilities. The cost of the ROU of the assets includes the recognised amount of the lease liability, any direct costs incurred initially and payments already made prior to the initial rental date, less any incentives received.

Unless it is reasonably certain that the Group obtains ownership of the leased asset at the end of the lease term, the recognised right of use of the assets is depreciated on a straight-line basis over the shorter of its estimated useful life and the term of the lease.

Rights of use are subject to impairment.

The rights of used of assets are depreciated using the straight-line method by the shortest period between length of the contract and its expected useful life.

If at the end of the leasing contract the asset is transferred to the company, or if the cost reflects the possibility of exercising the call option, the depreciation is calculated according to the estimated useful life of the asset.

2.3.15.2 Liabilities with leases
At the start date of the lease, the Group recognises the liabilities measured at the present value of the future payments to be made until the end of the lease.

Lease payments include fixed payments (including fixed payments on the substance), deducted of any incentives to be received, variable payments, dependent on an index or rate, and expected amounts to be paid under residual value guarantees. The lease payments also include the exercise price of a call option if it is reasonably certain that the Group will exercise the option, and penalties for termination of the lease if it is reasonably certain that the Group will terminate the lease.

Variable payments that do not depend on an index or a rate are recognised as an expense in the period in which the event giving rise to them occurs.

To calculate the present value of the lease payments, the Group uses the incremental loan rate at the start date of the lease if the implied interest rate is not readily determinable.

After the start date of the lease, the value of the lease liability is increased to reflect the increase in interest and reduces by the payments made. In addition, the book value of the lease liability is remeasured if there is a change, such as a change in the lease term, fixed payments or the purchase decision of the underlying asset.

2.3.16 Income Tax

NOS is covered by the special tax regime for groups of companies, which covers all the companies in which it directly or indirectly owns at least 75% of the share capital and which simultaneously are resident in Portugal and subject to Corporate Income Tax (IRC).

The remaining subsidiaries not covered by the special tax regime for groups of companies are taxed individually based on their respective taxable incomes and the applicable tax rates.

Income tax is stated in accordance with the IAS 12 criteria. In calculating the cost relating to income tax for the period, in addition to current tax, allowance is also made for the effect of deferred tax calculated in accordance with the liability method, taking into account the temporary differences resulting from the difference between the tax basis of assets and liabilities and their values as stated in the consolidated financial statements, and the tax losses carried forward at the date of the statement of financial position. The deferred income tax assets and liabilities were calculated based on the tax legislation currently in force or of legislation already published for future application.

Deferred income tax assets are recognised for all the deductible temporary differences until it is likely that a taxable profit is obtained to which the deductible temporary difference may be used, unless the deferred

income tax asset results from the initial recognition of an asset or liability in a transaction which:

- Is not a concentration of business activities;
- At the moment of the transaction, it does not affect neither the accounting profit nor the taxable profit (fiscal loss);
- With respect to deductible temporary differences arising from investments in subsidiaries, branches and associates and interests in joint arrangements, deferred income tax assets are recognised only to the extent that the temporary difference will revert in the foreseeable future and taxable profit against which the temporary difference can be used will be available.

As stipulated in the above standard, deferred income tax assets are recognised only when there is reasonable assurance that these may be used to reduce future taxable profit, or when there are deferred income tax liabilities whose reversal is expected to occur in the same period in which the deferred income tax assets are reversed. At the end of each period an assessment is made of deferred income tax assets, and these are adjusted in line with the likelihood of their future use.

The amount of tax to be included, either in current tax or in deferred tax resulting from transactions or events recognised in equity accounts, is recorded directly under those items and does not affect the results for the period.

In a business combination, the deferred tax benefits acquired are recognised as follows:

- The deferred tax benefits acquired recognised in the measurement period of one year after the date of merger and that result from new information about facts and circumstances that existed at the date of acquisition are recorded against the goodwill-carrying amount related to the acquisition. If the goodwill-carrying amount is null, any remaining deferred tax benefits are recognised in the income statement.
- All the other acquired deferred tax benefits performed are recognised in the income statement (when applicable, directly in shareholders' equity).

2.3.17 Payment based in shares

The benefits granted to employees under share purchase or share option incentive plans are recorded in accordance with the requirements of IFRS 2 – Share-based payments.

In accordance with IFRS 2, since it is not possible to reliably estimate the fair value of the services received from employees, their value is measured by reference to the fair value of equity instruments in accordance with their share price at the grant date.

The cost is recognised, linearly over the period in which the service is provided by employees, under the caption "Wages and salaries" in the income statement, with the corresponding increase in "Other reserves" in equity.

The accumulated cost recognised at the date of each statement of financial position up to the vesting reflects the best estimate of the number of own shares that will be vested, weighted by the tire elapse between the grant and the vesting. The impact on the income statement each year corresponds to the accumulated cost valuation between the beginning and the end of the year.

In turn, benefits granted based on shares but paid in cash lead to the recognition of a liability valued at fair value at the date of the statement of financial position.

2.3.18 Equity

Share issue premiums
Issue of shares corresponds to premiums from the issuance or capital increases. According to Portuguese law, share premiums follow the treatment given to the "Legal reserve", that is, the values are not distributable, except in case of liquidation, but can be used to absorb losses after having exhausted all other reserves and to increase share capital.

Own shares
The own shares are recorded at acquisition cost as a deduction from equity. Gains or losses on the sale of own shares are recorded under "Other reserves".

Legal reserve
Portuguese commercial legislation requires that at least 5% of annual net profit must be appropriated to a legal reserve until it represents at least 20% of the share capital. This reserve is not distributable, except in case of liquidation, but can be used to absorb losses, after having exhausted all other reserves and to increase share capital.

Other reserves and accumulated earnings
Reserves for plans of medium term incentive
According to IFRS 2 - "Share-based payments", the responsibility with the medium-term incentive plans settled by delivery of own shares is recorded as credit under "Reservations for mid-term incentive plans" and such reserve is not likely to be distributed or used to absorb losses.

Hedging reserves
Hedging reserve reflects the changes in fair value of derivative financial instruments as cash flow hedges that are considered effective, and they are not likely to be distributed or be used to absorb losses.

Own shares reserves
The "Own shares reserves" reflect the value of the shares acquired and follows the same legal regime as the legal reserve. 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.

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.

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 television, fixed broadband and fixed voice:
  The revenues from services provided using the fibre optic cable network result from: (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 voice termination; (f) service activation; (g) sale of equipment, licensing and others; and (h) other additional services (ex: firewall, antivirus).

- Satellite television: Revenues from the satellite television service mainly result from: (a) basic and premium channel subscription packages;
  (b) equipment rental; (c) consumption of content (VOD); (d) service activation; and (e) sale of equipment.

- Mobile broadband and voice services: Revenues from mobile broadband Internet access services and mobile voice services result mainly from monthly subscriptions and/or usage of the Internet and voice service, as well as the traffic associated with the type chosen by the client.

- Advertising revenue: Advertising revenues mainly derive from the attraction of advertising for Pay TV channels to which the Group has publicity rights and in cinemas. These revenues are recognised from when they are received, taken off any discounts given.

- Film showings and distribution: Distribution revenue pertains to the distribution of films to film exhibitors not distributed by the Group, that are included in the film showings, whilst income from film showings mostly derive from cinema ticket sales and the product sales in the bars; the film showings revenue includes the revenue from ticket sales and bar sales respectively.

- Revenue from distributing channel content:
  Revenue from distribution essentially includes the sale of DVDs, the sale of content and the distribution of television channels subscriptions to third parties and count from the time at which they are sold, shown, and made available for distribution to telecommunications operators, respectively.
  The television channels distribution by subscription to third parties consists in the transmission and retransmission of information, including, namely, the distribution of television emissions and radio broadcasting, owned and third partied owned, codified or not, as well as the addressed nature rendered services and data transmission.
  NOS is leading these activities since it: controls the channel exhibition, in its package of products disposes the power of pricing, the retribution corresponds to the service price and not to a mere commission and it is exposed to the credit risk of its customers.

- Consultancy and datacentre management:
  information systems consultancy and datacentre management are the major services rendered by NOS Sistemas.

- Insurance brokerage commissions: income from insurance sales commissions is obtained by NOS Mediação de Seguros.

The Group's revenue is based on the five-step model established by IFRS 15:

- Identification of the contract with the customer;

- Identification of performance obligations;

- Determining the price of the transaction;

- Allocation of the price of the transaction to the performance obligations; and

- Recognition of revenue.

Thus, at the beginning of each contract, the NOS Group evaluates the promised goods or services and identifies, as a performance obligation, every promise of transfer to the customer of any distinct good or service (or package of goods or services).

These promises in customer contracts may be express or implied, provided such promises create a valid expectation in the client that the entity will transfer a good or service to the customer, based on the entity's published policies, specific statements or usual business practices.

The NOS Group has internally defined that a performance obligation corresponds to the promise of delivery of a good or service that can be used in an isolated/separated way by the customer and on which there is a clear perception of this good or service by the customer among the available in each contract.

The main performance obligations are summarized as Sales of Mobile Phones, Telephones, Hotspots, DVD's, Movie Tickets, Licensing and Other Equipment and the Services Rendered of Mobile Internet Services, Fixed Internet, Mobile Phone, Landline Phone, Television, Consulting, Cloud/ IT Services, distribution of audio-visual rights among others.

The provision of Set-top-boxes, routers, modems and other terminal equipment at the customers' home and respective installation and activation services were considered by the group as not corresponding to a performance obligation, since they are necessary actions to fulfil the promised performance obligation.

In determining and allocating the transaction price of each performance obligation, NOS used stand-alone prices of the promised products and services at the time of entering into the agreement with the customer to distribute the amount expected to be received under the contract.

The recognition of revenue occurs at the time of performance of each performance obligation.

Revenue from selling equipment is included when the buyer takes on the risks and advantages of taking possession of goods and the value of the benefits are reasonably quantified.

Revenue from telecom services subscriptions (TV, internet, mobile and fixed voice services bundle subscription, individually or as a bundle) is recognised linearly over the subscription period.

Revenue from equipment rental is recognised linearly over the rental agreement, except in the case of instalment sales, which are accounted as credit sales.

The Group attributes to its customers loyalty points in each call or recharge, that might be exchanged, over a limited period, for discounts in equipment purchase.

In each reporting period, NOS recognises the current liability with discounts to be awarded in the future. This responsibility is calculated based on the amount of points awarded and not yet used, discounted from the estimate of points that will not be used (based on the history of use) and valued based on the offer available at each time for the use of points (specific catalog).

The recognition of liability configures a deferred income (until the date on which the points are definitively converted into benefits), which is recognised at the time of the use of the discount, as a revenue accrual.

Revenue related with traffic, roaming, data usage, audiovisual content, and others is recognised when the service is rendered. The Group also offers various personalised solutions, particularly to its corporate customers in telecom management, access, voice, and data transmission services. These personalised solutions are also recognised when the service is rendered.

Unless demanded or allowed by IFRS, the compensation of revenues and costs is not performed, namely, when it reflects the nature of the transaction or other event.

The compensation of revenues and costs is performed in the following situations:

- When the gross inflows from economic benefits do not result in equity increases to the Group, i.e., the amount charged to the customer is equal to the amount delivered to the partner. This situation is applicable to the revenue obtained by the invoicing special services operators, in these cases the amounts charged on account of the capital are not revenue; and,

- When the counterpart is not a "customer" but a partner who shares the risks and benefits of developing a product or services in order for it to be commercialised. Thus, a counterpart of a contract will not be a customer if, for instance, the counterpart has hired from NOS to participate in an activity or process in which the parties in the contract share the risks and benefits instead of obtaining the Group's ordinary activities result. These cases are designated collaborative arrangements. This situation is applicable to revenues from operators affected by the reciprocal availability agreement regarding broadcasting rights of sports content.

Discounts granted to customers related with loyalty programmes are allocated to the entire retention contract to which the customer is committed to. Therefore, the discount is recognised as the goods and services made available to the customer.

Amounts that have not been invoiced for are included based on estimates. The differences between the estimated amounts and the actual amounts, which are normally immaterial, are recorded in the next financial year.

The revenue from penalties is recognised in the "Other income" item upon receival.

Interest revenue is recognised using the effective interest method, only when they generate future economic benefits for the Group and when they can be measured reliably.

2.3.20 Accruals

Group's revenues and costs are recognised in accordance with the accrual's principle, under which they are recognised as they are generated or incurred, regardless of when they are received or paid.

The costs and revenues related to the current period and whose expenses and income will only occur in future periods are registered under "Accounts receivable – trade", "Accounts receivable – other", "Prepaid expenses", "Accrued expenses" and "Deferred income", as well as the expenses and income that have already occurred that relate to future periods, which will be recognised in each of those periods, for the corresponding amount.

The costs related to the current period and whose expenses will only occur in that future periods are registered under "Accrued expenses" when it is possible to estimate with certainty the related amount, as well as the timing of the expense's materialization. If uncertainty exists related to any of these aspects, the value is classified as Provisions (Note 2.3.14).

2.3.21 Assets, liabilities and transactions in foreign currencies

Transactions in foreign currencies are converted into the functional currency at the exchange rate on the transactions dates. On each accounting date, outstanding balances (monetary items) are updated by applying the exchange rate prevailing on that date. The exchange rate differences in this update are recognised in the income statement for the year in which they were calculated in the item "Losses / (gains) on exchange variations".

Exchange rate variations generated on monetary items, which constitute enlargement of the investment denominated in the functional currency of the Group or of the subsidiary in question, are recognised in equity. Exchange rate differences on non-monetary items are classified in "Other reserves" in equity.

The financial statements of subsidiaries denominated in foreign currencies are converted at the following exchange rates:

- The exchange rate obtaining on the date of the statement of financial position for the conversion of assets and liabilities;
- The average exchange rate in the period for the conversion of items in the income statement, apart from cases of affiliated companies that are in a hyperinflationary economy;
- The average exchange rate in the period, for the conversion of cash flows (in cases where the exchange rate approximates to the real rate, and for the remaining cash flows the rate of exchange at the date of the operations is used), apart from cases of affiliated companies that are in a hyperinflationary economy;
- The historical exchange rate for the conversion of equity accounts.

Exchange differences arising from the conversion into euros of the financial statements of subsidiaries denominated in foreign currencies are included in equity under "Other reserves".

In the last quarter of 2017, the Angolan economy was considered a hyperinflationary economy according to IAS 29 - Financial Reporting in Hyperinflationary Economies.

This standard requires that the financial statements prepared in the currency of a hyperinflationary must be expressed in terms of the current measurement unit at the financial statements' preparation date.

In summary, the general aspects that must be considered for the restatement of the individual financial statements are the following ones:

- The monetary assets and liabilities are not amended because they are already updated to the current unit at the financial statements date;
- The non-monetary assets and liabilities (that are still not expressed in terms of the current unit at the financial statements) are restated by the application of an index;
- The effect of the inflation on the net monetary position of the subsidiaries companies is reflected in the income statement as a loss in the net monetary position.

Additionally, according to IAS 21, the restatement of the consolidated financial statements is prohibited when the parent company does not operate in a hyperinflationary economy.

The conversion coefficient that was used for the restatement of the individual financial statements of the subsidiaries in Angola was the Consumer Price Index (CPI), issued by the National Bank of Angola.

	BASIS 100	IPC	CONVERTED CPI (BASIS 100 YEAR 2010)
dec/10	Year 2010	100.0	100.0
dec/11	Year 2010	111.4	111.4
dec/12	Year 2011	109.0	121.4
dec/13	Year 2014	93.0	130.8
dec/14	Year 2014	100.0	140.5
dec/15	Year 2014	114.3	160.6
dec/16	Year 2014	162.2	227.9
dec/17	Year 2014	204.8	287.8
dec/18	Year 2014	241.1	338.8
sept/19	Year 2014	270.2	379.7

In the last quarter of 2019, the Angolan economy was no longer considered a hyperinflationary economy.

IAS 29 - Financial Reporting in Hyperinflationary Economies provides that "when an economy ceases to be hyperinflationary, the company should treat the amounts expressed in the current unit of measurement at the end of the previous reporting period, as the basis for the carrying amounts in its statements subsequent financial statements". In this way, the adjustments / revaluations, carried out until the end of the classification as a hyperinflationary economy, are treated as a deemed cost and recognised in the same proportion as the assets that gave rise to it.

At 31 December 2020 and 2021, 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:

	31-12-2020	31-12-2021
US Dollar	1.2271	1.1326
Angolan Kwanza	797.1291	635.7510
British Pound	0.8990	0.8403
Mozambican Metical	91.0500	71.5800
Canadian Dollar	1.5633	1.4393
Swiss Franc	1.0802	1.0331
Real	6.3735	6.3101

In the financial years ended on 31 December 2020 and 2021, the income statements of subsidiaries expressed in foreign currencies were converted to euros at the average exchange rates of the currencies of their countries of origin against the euro. The average exchange rates used are as follows:

	12M 20	12M 21
Angolan Kwanza	665.8563	734.9674
Mozambican Metical	79.7817	76.3545

2.3.22 Financial charges and borrowings

Financial charges related to borrowings are recognised as costs in accordance with the accrual's principle, except in the case of loans incurred (whether these are generic or specific) for the acquisition, construction or production of an asset that takes a substantial period (over one year) to be ready for use, which are capitalised in the acquisition cost of that asset. Costs from capitalized borrowings are determined having in consideration the amount of borrowing costs obtained that can be capitalized, according to the application of a capitalization rate over the 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 measurementr

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 maximises the amount that would be received for selling asset or minimises the amount that would be paid to transfer the liability, after considering transaction costs and transport costs.

Since different entities and businesses within a single entity can have access to different markets, the main or most advantageous market for the same asset or liability can vary from one entity to another, or even between businesses within the same entity, but it is assumed that they are accessible to the 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 maximise its value.

The Group uses valuation techniques appropriate to the circumstances whenever there is information to measure the fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities measured at fair value or of which disclosure is mandatory, are rated on a fair value hierarchy, which ranks data in three levels to be used in the measurement at fair value, and detailed below:

Level 1 – Listed and unadjusted market prices, in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 - valuation techniques using inputs that aren't quoted, but which are directly or indirectly observable;

Level 3 - valuation techniques using inputs not based on observable market data, based on unobservable inputs.

The fair value measurement is classified in the same fair value hierarchy level at the lowest level of input, which is significant to the measurement as a whole.

2.3.25 Assets and liabilities offsetting

Financial assets and liabilities are offset and presented at the net amount when, and only when, the Group has the right to offset the recognised amounts and intends to settle for the net amount.

2.3.26 Employee benefits

Personnel expenses are recognised when the service is rendered by employees independently of their date of payment. Here are some specificities:

- Termination of employment. The benefits for termination of employment are due for payment when there is cessation of employment before the normal retirement date or when an employee voluntarily accepts to leave in exchange of these benefits. The Group recognises 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 labour law, employees are entitled to 22 days annual leave, as well as one month of holiday allowances, rights acquired in the year preceding payment. These liabilities of the Group are recorded when incurred, independently of the moment of payment, and are reflected under the item "Accounts payable and other".
- Labour Compensation Fund (FCT) and the Labour Compensation Guarantee Fund (FGCT). Based on the publication of Law No. 70/2013 and subsequent regulation by Order No. 294-A / 2013, entered into force on 1 October the Labour Compensation Fund schemes (FCT) and the Guarantee Fund Compensation of Labour (FGCT). In this context, companies that hire a new employee are required to deduct a percentage of the respective salary for these two new funds (0.925% to 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:

  a) The monthly deliveries to FGCT, made by the employer are recognised as expense in the period to which they relate.

b) The monthly deliveries to FCT, made by the employer are recognised as a financial asset, in the caption "Other non-current financial assets" of the entity, measured at fair value with changes recognised in the respective results.

2.3.27 Statement of cash flows

The statement of cash flows is prepared in accordance with the direct method. The Group classifies under "Cash and cash equivalents" the assets with maturities of less than three months and for which the risk of change in value is negligible. For purposes of the statement of cash flows, the balance of cash and cash equivalents also include bank overdrafts included in the statement of financial position under "Borrowings".

The statement of cash flows is divided into operating, investing, and financing activities.

Operating activities include cash received from customers and payments to suppliers, staff and others related to operating activities. Under "Other cash receipts / (payments) related with operating activity" includes the amount received and subsequent payments related to assignments without recourse, coordinated by the Banco Comercial Português and Caixa Geral de Depósitos, and these operations do not involve any change in the accounting treatment of the underlying receivables or in the relationship with their clients.

The cash flows included in investing activities include acquisitions and disposals of investments in subsidiaries and cash received and payments arising from the purchase and sale of tangible and intangible assets, amongst others.

Financing activities include cash received and payments relating to borrowings, the payment of interest and similar costs, finance leases, the purchase and sale of own shares and the payment of dividends.

2.3.28 Subsequent events

Events occurring after the date of the statement of financial position, which provide additional information about conditions that existed at that date, are considered in the preparation of financial statements of the quarter.

Events occurring after the date of the statement of financial position, which provide information on conditions that occur after that date, are disclosed in the notes to the financial statements, when they are materially relevant.

3. JUDGEMENTS AND ESTIMATES

3.1 Relevant accounting estimates

The preparation of consolidated financial statements requires the Group's management to make judgments and estimates that affect the statement of financial position and the reported results. These estimates are based on the best information and knowledge about past and/or present events and on the operations that the Company considers it may implement in the future. However, at the date of completion of such operations, their results may differ from these estimates.

Changes to these estimates that occur after the date of approval of the consolidated financial statements will be corrected in the income statement in a prospective manner, in accordance with IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors".

The estimates and assumptions that imply a greater risk of giving rise to a material adjustment in assets and liabilities are described below:

Entities included in the consolidation perimeter
To determine the entities to be included in the consolidation perimeter, the Group assesses the extent to which it is exposed, or has rights, to variability in return from its involvement with that entity and can take possession of them through the power it holds over this entity.

The decision that an entity must be consolidated by the Group requires the use of judgment, estimates, and assumptions to determine the extent to which the Group is exposed to return variability and the ability to take possession of them through its power.

Other assumptions and estimates could lead to the Group's consolidation perimeter being different, with direct impact on the consolidated financial statements.

Impairment of non-current assets, excluding goodwill
The determination of a possible impairment loss can be triggered by the occurrence of various events, such as the availability of future financing, the cost of capital or other market, economic and legal changes or changes with an adverse effect on the technological environment, many of which are beyond the Group's control.

The identification and assessment of impairment indicators, the estimation of future cash flows, and the calculation of the recoverable value of assets involve a high degree of judgment by the Board.

Impairment of goodwill
Goodwill is annually subject to impairment tests or whenever there are indications of a possible loss of value, according to the criteria referred on Note 9. The recoverable values of the cash-generating units to which goodwill is allocated are determined based on the calculation of current use values. These calculations require the use of estimates by management.

Intangible and tangible assets
The life of an asset is the period during which the Company expects that an asset will be available for use and this should be reviewed at least at the end of each financial year.

The determination of the useful lives of assets, the amortisation/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 amortisation/depreciation to be recognised in the consolidated income statement each period.

These three parameters are defined using management's best estimates for the assets and businesses concerned and taking account of the practices adopted by companies in the sectors in which the Group operates.

The capitalised costs with the audiovisual content distribution rights acquired for commercialisation in the various windows of exhibition are amortised over the period of exploration of the respective contracts. Additionally, these assets are subject to impairment tests whenever there are indications of changes in the pattern generation of future revenue underlying each contract.

The residual value, the useful life and the depreciation methods are periodically revised by the various companies of the Group and prospectively adjusted, if appropriated.

Rights of use
The Group determines the end of the lease as the non-cancelable part of the lease term, together with any periods covered by an option to extend the lease if it is reasonably certain that it will be exercised, or any periods covered by an option to terminate the lease agreement, if it is reasonably certain that it will not be exercised.

The Group has the option, under some of its lease agreements, to lease its assets for additional periods. NOS assesses the reasonableness of exercising the option to renew the contract. That is, NOS considers all the relevant factors that create an economic incentive for exercising the renewal. After the start date, the Group re-evaluates the termination of the contract if there is a significant event or changes in circumstances that are under control and affect its ability to exercise (or not exercise) the renewal option (a change in strategy of business).

Provisions
The Group periodically reviews any obligations arising from past events, which should be recognised or disclosed. The subjectivity involved in determining the probability and amount of internal resources required to meet obligations may give rise to significant adjustments, either due to changes in the assumptions made, or due to the future recognition of provisions previously disclosed as contingent liabilities.

Deferred income tax assets
Deferred income tax assets are recognised only when there is strong assurance that there will be future taxable income available to use the temporary differences or when there are deferred tax liabilities whose reversal is expected in the same period in which the deferred tax assets are reversed. The assessment of deferred income tax assets is undertaken by management at the end of each period taking account of the expected future performance of the Group.

Expected credit losses
The credit risk on the balances of accounts receivable is assessed at each reporting date, using a collection matrix based on the historical past collections adjusted from the future expectation of collections evolution, to determine the uncollectibility rate. The expected credit losses of the accounts receivable are thus adjusted for the assessment made, which may differ from the effective risk that will incurred in the future.

Fair value of financial assets and liabilities
When the fair value of an asset or liabilities is calculated, on an active market, the respective market price is used. When there is no active market, which is the case with some of the Group's financial assets and liabilities, valuation techniques generally accepted in the market, based on market assumptions, are used.

The Group applies evaluation techniques for unlisted financial instruments, such as derivatives, financial instruments at fair value and instruments measured at amortised cost. The most frequently used valorisation models are models of discounted cash flows and option models, which incorporate, for example, interest rate and market volatility curves.

For certain types of more complex derivatives, more advanced valuation models are used containing assumptions and data that are not directly observable in the market, for which the Group uses internal estimates and assumptions.

3.2 Errors, estimates, and changes to accounting policies

During the financial years ended on 31 December 2020 and 2021, errors, estimates and changes in material accounting policies relating to prior years were not recognised.

4. FINANCIAL RISK MANAGEMENT POLICIES

4.1 Financial risk management

The activities of the Group are exposed to a variety of financial risk factors: credit risk, liquidity risk and market risk.

The Group's Board of Directors is responsible for defining the principles of risk management and policies covering specific areas such as: exchange rate risk, interest rate risk, credit risk, the use of derivatives and other non-derivative financial instruments and the investment of excess liquidity.

A) Credit risk
Credit risk is mainly related to the risk of a counterparty defaulting on its contractual obligations, resulting in a financial loss to the Group. The Group is exposed to credit risk in its operating and treasury activities.

The credit risk associated with operations is mainly related to amounts due from customers for services provided to them (Notes 13 and 18). This risk is monitored on a regular business basis and the aim of management is to: i) limit the credit granted to customers, using the average payment time by each customer; ii) monitor the trend in the level of credit granted; and iii) analyse the impairment of receivables on a regular basis.

The classification of a customer as being in default takes into account the particularity of each customer, business / segment and values involved. In the majority of segments, a customer is considered to be in default if the debt is more than 180 days overdue. In the residential segment, the main segment, NOS has as a restriction measure for non-compliance the blocking of services provided after 50 days of maturity without receipt.

The Group does not face any serious credit risk with any particular client, insofar as the accounts receivable derive from a large number of clients from a wide range of businesses.

The impairment adjustments to accounts receivable are calculated on the basis of: i) the customer's risk profile, depending on whether the customer is a residential or business customer; ii) the average collection period, which differs from business to business; iii) the customer's financial status; and iv) future perspective of the evolution of the collection. Because of the dispersed nature of customers, it is not necessary to consider an additional adjustment for credit risk other than the expected credit losses that are already recorded in accounts receivable – customers and accounts receivable - others.

With a regular frequency, doubtful debts, in arrears for more than 24 months and with total impairment loss recorded, are derecognised, after the extinction or frustration of all the collection procedures considered adequate for credit recovery.

The table below shows the Group's maximum exposure to credit risk at 31 December 2020 and 2021, without taking into account any collateral held or other credit enhancements. For assets in the statement of financial position, the defined exposure is based on their book value as stated in the statement of financial position.

	31-12-2020	31-12-2021
Accounts receivable trade - current i)	241,890	256,982
Accounts receivable other - non-current (Note 13)	7,504	5,914
Accounts receivable other - current (Note 13)	4,896	4,152
Cash and cash equivalents ii)	152,719	10,379
TOTAL FINANCIAL ASSETS	**407,009**	**277,427**

i) Accounts receivable – customers

The Group exposure to credit risk is related to operational account receivables. The amounts presented on financial position are net of impairment losses for estimated doubtful accounts receivable. These impairment losses were estimated by the Group in accordance with its experience and based on their assessment of the current macroeconomic environment. The Board believes that the carrying amounts of account receivables are similar to their fair value.

At 31 December 2020 and 2021, the balances receivable from customers by age were as follows:

	31-12-2020	31-12-2021
Not overdue	95,037	145,965
0 to 90 days	45,262	38,724
90 to 180 days	18,414	16,759
180 to 360 days	33,196	24,502
Over 360 days	245,146	228,660
ACCOUNTS RECEIVABLE	**437,055**	**454,610**
Not overdue	(4,207)	(6,042)
0 to 90 days	(6,250)	(5,613)
90 to 180 days	(5,736)	(4,068)
180 to 360 days	(10,731)	(9,317)
Over 360 days	(168,241)	(172,588)
EXPECTED CREDIT LOSSES	**(195,165)**	**(197,628)**
TOTAL ACCOUNTS RECEIVABLE	**241,890**	**256,982**

Credit risk is monitored on an ongoing basis and can be summarized as follows:

- regular customers are analysed on an aggregated basis (homogeneous group) and the expected credit losses calculated thought the use of a collection matrix, which is based on the historical past collections adjusted by the future expectation of collections evolution, to determine the uncollectibility rate;

- the balances of operators, agents and others are analysed individually and expected credit losses calculated based on the age of each balance, the existence of claims, the current financial situation of each third party and the future expectation of receiving the respective amounts in debt.

ii) Cash and cash equivalents

Guarantees and pledges obtained from some operators and agents are not material.

At 31 December 2020 and 2021, the Group's credit risk rating for these types of assets (cash and cash equivalents as described in Note 22, with the exception of the value of cash), whose counter parties are Financial Statement Institutions, are as follows:

	31-12-2020	31-12-2021
A	356	229
A-	25,061	23
BBB+	15,429	8,524
BBB	52,587	882
BB+	25,784	558
BB	23,373	159
B+	1	1
B	10,121	-
without rating	7	3
TOTAL	**152,719**	**10,379**

The information on ratings was taken from Reuters, based on the ratings awarded by the three major rating agencies (Standard & Poor's, Moody's and Fitch).

B) Liquidity risk

Prudent management of liquidity risk requires the maintenance of an adequate level of cash and cash equivalents to meet the liabilities associated with the negotiation of credit facilities with financial institutions. Under the model adopted, the Group has:

b.1) Commercial paper programmes used in the amount of 431.5 million euros, of which 14 million euros issued under programmes without underwriting. The commercial paper programmes have a total amount of 635 million euros, corresponding to twelve programmes, with six banks, including 497.5 million euros which bear interest at market rates and 137.5 million euros issued in fixed rate;

b.2) Private and direct cash bonds to the value of 590 million euros;

b.3) A Finance Contract with the European Investment Bank to support the development of mobile broadband network in Portugal in the amount of 18.3 million euros.

Management regularly monitors the forecasts of the Group's liquidity reserves, including the amounts of unused credit lines and the amounts of cash and cash equivalents, based on estimated cash flows and compliance with any covenants usually associated with borrowings.

Of the loans obtained (excluding finance leases), in addition to being subject to the Group complying with its operating, legal and fiscal obligations, 100% are subject to cross-default clauses, Pari Passu clauses and negative pledge clauses and 87% to ownership clauses.

In addition, approximately 20% of the total loans obtained require that the consolidated net financial debt does not exceed 3 times consolidated EBITDA after consolidated lease payment, approximately 4% of the total loans obtained require that the consolidated net financial debt does not exceed 3.5 times consolidated EBITDA after consolidated lease payment, approximately 2% of the total loans obtained require that the consolidated net financial debt does not exceed 4 times consolidated EBITDA after consolidated lease payment and approximately 12% of the total loans obtained require that the consolidated net financial debt does not exceed 5 times consolidated EBITDA after consolidated lease payment.

The table below shows the Group's liabilities by contractual residual maturity interval. The amounts shown in the table are the contractual undiscounted cash flows payable in the future, including the interest remunerating these liabilities.

	31-12-2020				31-12-2021			
	LESS THAN 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL	LESS THAN 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	TOTAL
Borrowings:								
- Bond Issue	2,343	574,007	-	576,350	152,511	439,385	-	591,896
- Commercial Paper	78,532	212,463	50,000	340,995	64,410	367,477	-	431,887
- Foreign Loans	17,638	18,078	-	35,716	18,090	-	-	18,090
- Bank overdrafts	2,270	-	-	2,270	731	-	-	731
- Financial Leases	66,343	190,163	318,803	575,309	65,326	355,677	113,002	534,005
Accounts payable - trade	**252,607**	**-**	**-**	**252,607**	**279,993**	**-**	**-**	**279,993**
Accounts payable - other	**47,438**	**5,323**	**34,727**	**87,488**	**35,639**	**5,992**	**32,510**	**74,141**
Derivatives of financial instruments	**346**	**655**	**-**	**1,001**	**337**	**-**	**-**	**337**
TOTAL	**467,517**	**1,000,689**	**403,530**	**1,871,736**	**617 037**	**1,168,531**	**145,512**	**1,931,080**

C) Market risk Exchange rate risk

Exchange rate risk is mainly related to exposure, resulting from payments made to suppliers of terminal equipment and producers of audiovisual content for the Pay TV and audiovisual businesses, respectively. Business transactions between the Group and these suppliers are mainly denominated in US dollars.

Depending on the balance of accounts payable resulting from transactions in a currency different from the Group's operating currency, the Group contracts or may contract financial instruments, namely short-term foreign currency forwards, in order to hedge the risk associated with these balances (Note 21).

The Group has investments in foreign companies whose assets and liabilities are exposed to exchange rate variations (the Group has two subsidiaries in Mozambique, Lusomundo Moçambique and Mstar, whose functional currency is the Metical and two in Angola, Finstar and ZAP Media, whose functional currency is the Kwanza). The Group has not adopted any policy of hedging the risk of exchange rate variations for these companies on cash flows in foreign currencies.

A sensitivity analysis was performed using a strengthening or weakening by 10% of the functional currencies of the various financial investments at 31 December 2021. The amount of the investments would decrease by 1.325 thousand euros or increase by 1.620 thousand euros, respectively, and the counterpart of these changes the equity. In this sensitivity analysis, gains or losses that financial investments would recognise resulting from currency fluctuations are not considered.

The table below shows the Group's exposure to exchange rate risk at 31 December 2020 and 2021, based on the amounts of the Group's financial assets and liabilities in the statement of financial position (amounts stated in local currency):

	31-12-2020		
	US DOLLAR	BRITISH POUND	MOZAMBIQUE METICAL
ASSETS			
Account receivable - trade	6,884	-	2,085
Tax receivable	-	-	6,088
Cash and cash equivalents	-	-	72,129
TOTAL ASSETS	**6,884**	**-**	**80,302**
LIABILITIES			
Account payable - trade	9,217	14	32,853
Accounts payable - other	97	4	496
Tax payable	-	-	-
TOTAL LIABILITIES	**9,314**	**18**	**33,349**
NET	**(2,430)**	**(18)**	**46,953**

	31-12-2021		
	US DOLLAR	BRITISH POUND	MOZAMBIQUE METICAL
ASSETS			
Account receivable - trade	4,373	-	-
Tax receivable	-	-	6,491
Cash and cash equivalents	-	-	9,685
TOTAL ASSETS	**4,373**	**1**	**16,176**
LIABILITIES			
Account payable - trade	5,456	(7)	35
Contas a pagar - Outros	457	1	-
TOTAL LIABILITIES	**5,913**	**(6)**	**35**
NET	**(1,540)**	**7**	**16,141**

NOS uses a sensitivity analysis technique which measures estimated changes in results and equity of an immediate strengthening or weakening of the Euro against other currencies in the rates applying at 31 December 2021 for each class of financial instrument with all other variables remaining constant. This analysis is for illustrative purposes only, since in practice exchange rates rarely change in isolation.

The sensitivity analysis was performed using a strengthening or weakening of the Euro by 10% in all exchange rates. In such case, profits before tax would have increased by 102 thousand euros (2020: increased 135 thousand euros) or decreased by 125 thousand euros (2020: decreased by 165 thousand euros), respectively.

D) Interest rate risk

The risk of fluctuations in interest rates can result in a cash flow risk or a fair value risk, depending on whether variable or fixed interest rates have been negotiated.

The borrowings by the Group (with the exception of EIB financing of 18.3 million euros, the bond loan of 300 million euros, two commercial paper issues of 37.5 and 100 million euros and leases) have variable interest rates, which exposes the Group to interest rate cash flow risk. The Group has adopted a policy of hedging risk with interest rate swaps to hedge future interest payments on Bond loans and other borrowings (see Note 21).

The NOS Group uses a sensitivity analysis technique, which measures the expected impacts on results and equity of an immediate increase or decrease of 0.25% (25 basis points) in market interest rates, for the rates applying at the date of the statement of financial position for each class of financial instrument, with all other variables remaining constant. This analysis is for illustrative purposes only, since in practice market rates rarely change in isolation.

The sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect interest receivable or payable on financial instruments with variable rates;
- Changes in market interest rates only affect interest receivable or payable on financial instruments with fixed interest rates when they are recognised at fair value;
- Changes in market interest rates affect the fair value of derivatives and other financial assets and liabilities;
- Changes in the fair value of derivatives and other financial assets and liabilities are estimated by discounting future cash flows from current net values using market rates at the end of the year.

Under these assumptions, an increase or decrease of 0.25% in market interest rates for loans that are not covered or loans with variable interest at 31 December 2021 would have resulted in an increase or decrease in annual profit before tax of approximately 0.9 million euros (2020: 1 million euros).

In the case of the interest rate swaps contracted, the sensitivity analysis which measures the estimated impact of an immediate increase or decrease of 0.25% (25 basis points) in market interest rates results in changes in the fair value of the swaps of nearly 0 euros at 31 December 2020 and 2021. The impacts of the sensitivity analysis are practically null because the market rates are negative and the loan and interest rate swap have a floor of 0%.

4.2 Capital risk management

The objective of capital risk management is to safeguard the continuity of the Group's operations, with an adequate return to shareholders and generating benefits for all stakeholders.

The NOS Group's policy is to contract loans with financial institutions, mainly at the level of the parent company, NOS, which in turn makes loans to its subsidiaries and associated companies. In the case of joint ventures, which contract loans in their own name, NOS participates in the contract process and is the guarantor for repayment of the loan. This policy is designed to optimise the capital structure with a view to greater tax efficiency and a reduction in the average cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends distributed to shareholders, issue new shares, and sell assets to reduce liabilities, or launch share buyback plans.

As is the practice of other companies operating in the market in which the Group operates, the Group manages capital based on the net financial debt/ EBITDA ratio. Net financial debt is calculated as the total of current and non-current borrowings, excluding the finance lease related to contracts for the acquisition of capacity and content utilisation rights, less the amounts of cash and cash equivalents. The internal ratio set as a target is a level of debt lower than 3 times EBITDA.

	31-12-2020	31-12-2021
Financial debt (Note 25)	955,331	1,042,604
Cash and cash equivalents (Note 22)	(153,285)	(10,902)
TOTAL FINANCIAL DEBT	**802,046**	**1,031,702**
Leases (Note 25)	575,309	534,005
TOTAL NET DEBT	**1,377,355**	**1,565,707**
EBITDA [1]	603,181	617,961
EBITDA after leasing payments [2]	527,482	518,931
Net financial debt / EBITDA after leasing payments	1.52	1.99
Net debt / EBITDA	2.28	2.53

(1) EBITDA = Operating Result + Depreciation, Amortization and Impairment Losses + Restructuring Costs + Losses/(Gains) on disposals of assets + Other Costs/(Gains) Non-Recurring
(2) EBITDA after leasings payments = EBITDA – Leasings payments (Capital and Interest)

Estimated fair value

The table below shows the financial assets and liabilities of the Group valued at fair value at 31 December 2020 and 2021, as the levels of the fair value hierarchy:

	31-12-2020			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
ASSETS				
Other financial assets non-current (Note 15)	-	-	579	579
	-	**-**	**579**	**579**
LIABILITIES				
Derivative financial instruments - equity swap (Note 21)	-	950	-	950
Derivative financial instruments - interest rate swap (Note 21)	-	51	-	51
	-	**1,001**	**-**	**1,001**

	31-12-2021			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
ASSETS				
Other financial assets non-current (Note 15)	-	-	2,074	2,074
Derivative financial instruments - equity swap (Note 21)	-	105	-	105
Derivative financial instruments - exchange rate forward (Note 21)	-	317	-	317
	-	**422**	**2,074**	**2,496**
LIABILITIES				
Derivative financial instruments - equity swap (Note 21)	-	323	-	323
Derivative financial instruments - interest rate swap (Note 21)	-	10	-	10
Derivative financial instruments - exchange rate forward (Note 21)	-	4	-	4
	-	**337**	**-**	**337**

In accordance with IFRS 13 - Fair value measurement, the levels of the fair value hierarchy are described as follows:

- **Level 1** – Financial instruments valued based on quotations in active markets to which the company has access are included in this category, securities valued based on executable (immediate liquidity) published by external sources.
- **Level 2** – Financial instruments whose value is based on directly or indirectly observable data in active markets are included in this category, securities valued based on bids provided by external entities and internal valuation techniques using only observable market data.
- **Level 3** – All financial instruments valued at fair value that do not fall in level 1 and 2.

Assets available for sale were valued using the discounted cash flow method (level 3).

The calculation of the fair value of interest rate swap derivatives was based on an estimate of discounted future cash flows, using the estimated market interest rate curve calculated by the entities with which the swaps were contracted (level 2).

The fair value of forward rate agreement derivatives is calculated based on the spot exchange rate (level 2).

5. CHANGE IN THE PERIMETER

The changes in the consolidation perimeter, during the financial year ended on 31 December 2020, were:

- Disposal of 100% of share capital of NOS International Carrier Services, S.A. (Note 48).
- Disposal of 100% of share capital of NOS Towering- Gestão de Torres de Telecomunicações, S.A. (Note 49).
- Merger by incorporation of NOSPUB in NOS Lusomundo TV, whose name was changed to NOS Audio- Sales and Distribution, S.A.. The merger had no impact on the consolidated financial statements.
- Constitution of the joint venture Dualgrid – Gestão de Redes Partilhadas, S.A. between NOS Comunicações, S.A. and Vodafone Portugal – Comunicações Pessoais, S.A. in which each party owns 50% company's share capital.
- Acquisition of 50% of the share capital of Dreamia Servicios de Televisión, S.L..

The changes in the consolidation perimeter, during the financial year ended on 31 December 2021, were:

- Constitution, in July 2021, of NOS Mediação Seguros, S.A. This company's corporate purpose is to distribute insurance and related activities.

6. SEGMENT REPORTING

The business segments are as follows:

- Telco – TV, Internet (fixed and mobile) and voice (fixed and mobile) services rendered and includes the following companies: NOS Technology, Per-mar, Sontária, NOS SGPS, NOS Açores, NOS Property, NOS Madeira, NOS SA, NOS Audio- Sales and Distribution, Teliz Holding, NOS Sistemas, NOS Sistemas España, NOS Inovação, NOS Internacional SGPS, NOS Corporate Center, NOS Wholesale , Fundo NOS 5G, Dualgrid and NOS Mediação Seguros
- Audiovisual – the supply of video production services and sales, cinema exhibition and distribution and the acquisition/negotiation of Pay TV and VOD (video-on-demand) rights and includes the following companies: NOS Audiovisuais, NOS Cinemas, Lusomundo Moçambique, Lda ("Lusomundo Moçambique"), Lusomundo Imobiliária 2, S.A. ("Lusomundo Imobiliária 2"), Lusomundo Sociedade de Investimentos Imobiliários, SGPS, S.A. ("Lusomundo SII"), Empracine – Empresa Promotora de Atividades Cinematográficas, Lda ("Empracine"), NOS Audio SGPS and Dreamia S.L.

Assets and liabilities by segment at 31 December 2020 and 2021 are shown below:

	31-12-2020			
	TELCO	AUDIOVISUALS	ELIMINATIONS	GROUP
ASSETS				
NON - CURRENT ASSETS:				
Tangible assets	980,752	10,861	-	991,613
Intangible assets	952,107	88,980	-	1,041,087
Contract costs	162,123	-	-	162,123
Rights of use	226,530	33,567	-	260,097
Investments in jointly controlled companies and associated companies	115,484	47,610	(152,197)	10,897
Accounts receivable - other	39,586	2,917	(34,999)	7,504
Deferred income tax assets	70,794	11,988	-	82,782
Other non-current assets	703	662	-	1,365
TOTAL NON - CURRENT ASSETS	**2,548,080**	**196,585**	**(187,197)**	**2,557,468**
CURRENT ASSETS:				
Inventories	43,223	405	-	43,628
Account receivables	373,073	48,400	(40,609)	380,864
Prepaid expenses	33,342	1,496	(784)	34,054
Other current assets	1,937	1,407	-	3,344
Cash and cash equivalents	152,687	598	-	153,285
TOTAL CURRENT ASSETS	**604,262**	**52,306**	**(41,393)**	**615,175**
TOTAL ASSETS	**3,152,342**	**248,891**	**(228,590)**	**3,172,643**
SHAREHOLDER'S EQUITY				
Share capital	5,152	40,810	(40,810)	5,152
Capital issued premium	854,219	-	-	854,219
Own shares	(14,859)	-	-	(14,859)
Legal reserve	1,030	1,374	(1,374)	1,030
Other reserves and accumulated earnings	33,793	61,279	(83,065)	12,007
Net income	117,498	993	(26,491)	92,000
EQUITY BEFORE NON - CONTROLLING INTERESTS	**996,833**	**104,456**	**(151,740)**	**949,549**
Non-controlling interests	6,685	-	-	6,685
TOTAL EQUITY	**1,003,518**	**104,456**	**(151,740)**	**956,234**
LIABILITIES				
NON-CURRENT LIABILITIES:				
Borrowings	1,332,524	65,990	(35,000)	1,363,514
Provisions	65,995	7,350	-	73,345
Accrued expenses	505	-	-	505
Other non-current liabilities	45,434	-	-	45,434
Deferred income tax liabilities	4,709	316	-	5,025
TOTAL NON - CURRENT LIABILITIES	**1,449,167**	**73,656**	**(35,000)**	**1,487,823**
CURRENT LIABILITIES:				
Borrowings	162,270	32,612	(27,756)	167,126
Accounts payable	298,000	10,866	(8,821)	300,045
Tax payable	50,363	1,618	-	51,981
Accrued expenses	163,869	16,897	(4,906)	175,860
Other current liabilities	25,155	8,786	(367)	33,574
TOTAL CURRENT LIABILITIES	**699,657**	**70,779**	**(41,850)**	**728,586**
TOTAL LIABILITIES	**2,148,824**	**144,435**	**(76,850)**	**2,216,409**
TOTAL LIABILITIES AND SHAREHOLDER´S EQUITY	**3,152,342**	**248,891**	**228,590**	**3,172,643**

	31-12-2021			
	TELCO	AUDIOVISUALS	ELIMINATIONS	GROUP
ASSETS				
NON - CURRENT ASSETS:				
Tangible assets	1,031,185	9,915	-	1,041,100
Intangible assets	1,115,586	89,445	-	1,205,031
Contract costs	162,118	-	-	162,118
Rights of use	206,880	29,183	-	236,063
Investments in jointly controlled companies and associated companies	127,114	47,227,	(156,250)	18,091
Accounts receivable - other	48,856	3,004	(45,946)	5,914
Deferred income tax assets	71,385	10,005	-	81,390
Other non-current assets	2,562	643	-	3,205
TOTAL NON - CURRENT ASSETS	**2,765,686**	**189,422**	**(202,196)**	**2,752,912**
CURRENT ASSETS:				
Inventories	43,532	482	-	44,014
Account receivables	396,514	68,996	(61,420)	404,090
Prepaid expenses	43,965	1,285	(372)	44,878
Other current assets	1,226	1,373	-	2,599
Cash and cash equivalents	10,204	698	-	10,902
TOTAL CURRENT ASSETS	**495,441**	**72,834**	**(61,792)**	**506,483**
TOTAL ASSETS	**3,261,127**	**262,256**	**(263,988)**	**3,259,395**
SHAREHOLDER'S EQUITY				
Share capital	5,152	44,863	(44,863)	5,152
Capital issued premium	854,219	-	-	854,219
Own shares	(12,353)	-	-	(12,353)
Legal reserve	1,030	1,796	(1,796)	1,030
Other reserves and accumulated earnings	9,540	53,760	(98,886)	(35,586)
Net income	132,689	21,719	(10,249)	144,159
EQUITY BEFORE NON - CONTROLLING INTERESTS	**990,277**	**122,138**	**(155,794)**	**956,621**
Non-controlling interests	6,379	-	-	6,379
TOTAL EQUITY	**996,656**	**122,138**	**(155,794)**	**963,000**
LIABILITIES				
NON-CURRENT LIABILITIES:				
Borrowings	1,251,644	69,844	(45,947)	1,275,541
Provisions	73,986	8,530	-	82,516
Accrued expenses	497	-	-	497
Other non-current liabilities	42,732	-	-	42,732
Deferred income tax liabilities	4,784	375	-	5,159
TOTAL NON - CURRENT LIABILITIES	**1,373,643**	**78,749**	**(45,947)**	**1,406,445**
CURRENT LIABILITIES:				
Borrowings	331,535	12,283	(42,750)	301,068
Accounts payable	311,008	19,035	(14,411)	315,632
Tax payable	60,362	1,164	-	61,526
Accrued expenses	159,459	21,040	(4,715)	175,784
Other current liabilities	28,464	7,847	(371)	35,940
TOTAL CURRENT LIABILITIES	**890,828**	**61,369**	**(62,247)**	**889,950**
TOTAL LIABILITIES	**2,264,471**	**140,118**	**(108,194)**	**2,296,395**
TOTAL LIABILITIES AND SHAREHOLDER´S EQUITY	**3,261,127**	**262,256**	**(263,988)**	**3,259,395**

The results by segment and investments in tangible and intangible assets, contract costs and rights of use for the financial years ended on 31 December 2020 and 2021 are shown below:

	12M 20							
	TELCO		AUDIOVISUALS		ELIMINATIONS		GROUP	
	4º QUARTER 20	12M 20	4º QUARTER 20	12M 20	4º QUARTER 20	12M 20	4º QUARTER 20	12M 20
REVENUES:								
Services rendered	315,544	1,246,612	10,756	47,261	(7,689)	(30,893)	318,611	1,262,980
Sales	28,482	81,339	741	5,068	(13)	(98)	29,210	86,309
Other operating revenues	6,214	17,774	428	1,444	(154)	(621)	6,488	18,597
	350,240	**1,345,725**	**11,925**	**53,773**	**(7,856)**	**(31,612)**	**354,309**	**1,367,886**
COSTS, LOSSES AND GAINS:								
Wages and salaries	19,899	76,542	1,977	8,789	-	-	21,876	85,331
Direct costs	104,174	367,468	2,668	3,063	(6,762)	(21,755)	100,080	348,776
Costs of products sold	24,753	74,055	82	290	(3)	(33)	24,832	74,312
Marketing and advertising	13,318	32,846	(2,392)	(509)	(881)	(7,833)	10,045	24,504
Support services	25,267	85,518	197	2,057	(409)	(1,294)	25,055	86,281
Supplies and external services	29,068	99,693	(2,053)	1,546	198	(697)	27,213	100,542
Other operating losses / (gains)	**314**	**655**	**17**	**64**	**-**	**-**	**331**	**719**
Taxes	8,235	32,666	20	81	-	-	8,255	32,747
Provisions and adjustments	4,340	11,213	295	280	-	-	4,635	11,493
	229,368	**780,656**	**811**	**15,661**	**(7,857)**	**(31,612)**	**222,322**	**764,705**
EBITDA	**120,872**	**565,069**	**11,114**	**38,112**	**-**	**-**	**131,987**	**603,181**
Depreciation, amortisation and impairment losses	96,029	375,559	8,568	34,283	-	-	104,597	409,842
Other losses / (gains), net	1,726	53,552	444	2,477	-	-	2,169	56,029
INCOME BEFORE LOSSES / (GAINS) PARTICIPATED COMPANIES, FINANCIAL RESULTS AND TAXES	**23,117**	**135,958**	**2,102**	**1,352**	**-**	**-**	**25,221**	**137,310**
Net losses / (gains) of affiliated companies	(346)	9,053	318	46	-	-	(29)	9,099
Financial costs	8,480	20,045	428	2,173	-	-	8,908	22,218
Net foreign exchange losses / (gains)	(10)	(43)	100	591	-	-	90	548
Net losses / (gains) on financial assets	1	(24,393)	2	(2,045)	(1)	26,491	2	53
Net other financial expenses / (income)	1,075	3,800	6	14	-	-	1,081	3,814
	9,200	**8,462**	**853**	**779**	**(1)**	**26,491**	**10,052**	**35,732**
INCOME BEFORE TAXES	**13,917**	**127,496**	**1,249**	**573**	**1**	**(26,491)**	**15,167**	**101,578**
Income taxes	1,661	16,762	412	(420)	-	-	2,073	16,342
EARNINGS PER SHARES FROM CONTINUING OPERATIONS	**12,256**	**110,734**	**838**	**993**	**1**	**(26,492)**	**13,094**	**85,236**
Net consolidated income from discontinued operadtions	**-**	**6,407**	**-**	**-**	**-**	**-**	**-**	**6,407**
NET INCOME	**12,255**	**117,141**	**838**	**993**	**1**	**(26,491)**	**13,094**	**91,643**
CAPEX	**168,961**	**452,874**	**5,493**	**26,571**	**-**	**-**	**174,454**	**479,445**
EBITDA - CAPEX	**(48,088)**	**112,195**	**5,621**	**11,541**	**-**	**-**	**(42,467)**	**123,736**

	12M 21							
	TELCO		AUDIOVISUALS		ELIMINATIONS		GROUP	
	4º QUARTER 21	12M 21	4º QUARTER 21	12M 21	4º QUARTER 21	12M 21	4º QUARTER 21	12M 21
REVENUES:								
Services rendered	326,482	1,273,248	21,170	59,466	(11,555)	(37,466)	336,097	1,295,248
Sales	39,211	103,467	3,130	5,829	(46)	(110)	42,295	109,186
Other operating revenues	6,584	24,741	557	1,725	(151)	(601)	6,990	25,865
	372,277	**1,401,456**	**24,857**	**67,020**	**(11,752)**	**(38,177)**	**385,382**	**1,430,299**
COSTS, LOSSES AND GAINS:								
Wages and salaries	18,389	73,446	2,567	8,590	-	-	20,956	82,036
Direct costs	104,195	396,969	5,674	11,031	(9,202)	(32,560)	100,667	375,440
Costs of products sold	39,799	99,062	70	61	(18)	(48)	39,851	99,075
Marketing and advertising	18,626	37,945	1,318	2,797	(3,141)	(12,121)	16,803	28,621
Support services	23,769	85,067	1,293	3,003	(1,325)	(3,213)	23,737	84,857
Supplies and external services	28,816	100,679	(695)	(9,485)	1,934	9,765	30,055	100,959
Other operating losses / (gains)	136	465	16	53	-	-	152	518
Taxes	7,647	31,096	16	57	-	-	7,663	31,153
Provisions and adjustments	5,239	9,989	23	(310)	-	-	5,262	9,679
	246,616	**834,718**	**10,282**	**15,797**	**(11,752)**	**(38,177)**	**245,146**	**812,338**
EBITDA	**125,661**	**566,738**	**14,575**	**51,223**	**-**	**-**	**140,236**	**617,961**
Depreciation, amortisation and impairment losses	99,654	393,528	7,009	25,939	-	-	106,663	419,467
Other losses / (gains), net	2,364	9,344	84	493	-	-	2,448	9,837
INCOME BEFORE LOSSES / (GAINS) PARTICIPATED COMPANIES, FINANCIAL RESULTS AND TAXES	**23,643**	**163,866**	**7,482**	**24,791**	**-**	**-**	**31,125**	**188,657**
Net losses / (gains) of affiliated companies	605	(3,984)	535	383	-	-	1,140	(3,601)
Financial costs	8,724	32,503	448	1,615	-	-	9,172	34,118
Net foreign exchange losses / (gains)	(61)	(326)	35	(305)	-	-	(26)	(631)
Net losses / (gains) on financial assets	(1)	(8,009)	4	(2,228)	-	10,249	3	12
Net other financial expenses / (income)	731	3,104	7	19	-	-	738	3,123
	9,998	**23,288**	**1,029**	**(516)**	**-**	**10,249**	**11,027**	**33,021**
INCOME BEFORE TAXES	**13,645**	**140,578**	**6,453**	**25,307**	**-**	**(10,249)**	**20,098**	**155,636**
Income taxes	(5,361)	8,195	1,446	3,588	-	-	(3,915)	11,783
EARNINGS PER SHARES FROM CONTINUING OPERATIONS	**19,006**	**132,383**	**5,007**	**21,719**	**-**	**(10,249)**	**24,013**	**143,853**
Net consolidated income from discontinued operadtions	-	-	-	-	-	-	-	-
NET INCOME	**19,006**	**132,383**	**5,007**	**21,719**	**-**	**(10,249)**	**24,013**	**143,853**
CAPEX	**266,068**	**588,928**	**8,479**	**20,893**	**-**	**-**	**274,548**	**609,822**
EBITDA - CAPEX	**(140,407)**	**(22,190)**	**6,096**	**30,330**	**-**		**(134,312)**	**8,139**

EBITDA = Operational Result + Depreciation, amortisation and impairment losses + Restructuring costs + Losses / (gains) on sale of assets + Other losses / (gains) non-recurrent

CAPEX = Increases in tangible and intangible assets, contract costs and rights of use

Transactions between segments are performed on market terms and conditions in a comparable way to transactions performed with third parties.

At 31 December 2021, fully consolidated foreign companies represent less than 1% of assets (at 31 December 2020: less than 1%) and their turnover is less than 0.1% of consolidated turnover.

7. FINANCIAL ASSETS AND LIABILITIES CLASSIFIED IN ACCORDANCE WITH THE IFRS 9 - FINANCIAL INSTRUMENTS

The accounting policies set out in IFRS 9 for financial instruments were applied to the following items:

	31-12-2020					
	FINANCIAL ASSETS	INVESTMENTS HELD-TO-MATURITY	FINANCIAL LIABILITIES	TOTAL FINANCIAL ASSETS AND LIABILITIES	NON FINANCIAL ASSETS AND LIABILITIES	TOTAL
ASSETS						
Other financial assets non-current (Note 15)	579	-	-	579	-	579
Accounts receivable - trade (Note 18)	290,652	-	-	290,652	-	290,652
Accounts receivable - other (Note 13)	12,400	-	-	12,400	23,714	36,114
Cash and cash equivalents (Note 22)	153,285	-	-	153,285	-	153,285
TOTAL FINANCIAL ASSETS	**456,916**	**-**	**-**	**456,916**	**23,714**	**480,630**
LIABILITIES						
Borrowings (Note 25)	-	-	1,530,640	1,530,640	-	1,530,640
Derivative financial instruments (Note 21)	-	1,001	-	1,001	-	1,001
Accounts payable - trade (Note 29)	-	-	252,607	252,607	-	252,607
Accounts payable - other (Note 30)	-	-	87,279	87,279	209	87,488
Accrued expenses (Note 27)	-	-	176,365	176,365	-	176,365
TOTAL FINANCIAL LIABILITIES	**-**	**1,001**	**2,046,891**	**2,047,892**	**209**	**2,048,101**

	31-12-2021					
	FINANCIAL ASSETS	INVESTMENTS HELD-TO-MATURITY	FINANCIAL LIABILITIES	TOTAL FINANCIAL ASSETS AND LIABILITIES	NON FINANCIAL ASSETS AND LIABILITIES	TOTAL
ASSETS						
Other financial assets non-current (Note 15)	2,074	-	-	2,074	-	2,074
Derivative financial instruments (Note 21)	-	422	-	422	-	422
Accounts receivable - trade (Note 18)	323,934	-	-	323,934	-	323,934
Accounts receivable - other (Note 13)	10,066	-		10,066	14,240	24,306
Cash and cash equivalents (Note 22)	10,902	-	-	10,902	-	10,902
TOTAL FINANCIAL ASSETS	**346,976**	**422**	**-**	**347,398**	**14,240**	**361,638**
LIABILITIES						
Borrowings (Note 25)	-	-	1,576,609	1,576,609	-	1,576,609
Derivative financial instruments (Note 21)	-	337	-	337	-	337
Accounts payable - trade (Note 29)	-	-	279,993	279,993	-	279,993
Accounts payable - other (Note 30)	-	-	73,921	73,921	220	74,141
Accrued expenses (Note 27)	-	-	176,281	176,281	-	176,281
TOTAL FINANCIAL LIABILITIES	**-**	**337**	**2,106,804**	**2,107,141**	**220**	**2,107,361**

Considering its nature, the balances of the amounts to be paid and received to/from state and other public entities were considered outside the scope of IFRS 7. Also, the captions of "Prepaid expenses" and "Deferred income" were not included in this note, as the nature of such balances are not included in the scope of IFRS 7.

The Board of Directors believes that the fair value of the breakdown of financial instruments recorded at amortised cost or registered at the present value of the payments does not differ significantly from their book value. This decision is based in the contractual terms of each financial instrument..

8. TANGIBLE ASSETS

In the financial years ended on 31 December 2020 and 2021, the movements in this item were as follows:

	31-12-2019	INCREASES	DISPOSALS AND WRITE-OFFS	DISCONTINUED UNIT (NOTE 49)	TRANSFERS AND OTHERS	31-12-2020
ACQUISITION COST						
Lands	838	-	-	-	-	838
Buildings and other constructions	404,434	320	(63)	(147,411)	6,672	263,952
Basic equipment	2,456,116	49,114	(51,099)	(2,143)	147,507	2,599,495
Transportation equipment	508	-	-	-	4	512
Tools and dies	1,487	-	3	(2)	66	1,554
Administrative equipment	189,992	2,398	(1,617)	(82)	2,418	193,109
Other tangible assets	43,125	74	(69)	-	341	43,471
Tangible assets in-progress	39,574	158,684	-	(1,477)	(157,432)	39,349
	3,136,074	**210,590**	**(52,845)**	**(151,115)**	**(424)**	**3,142,280**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES						
Buildings and other constructions	222,826	5,851	(12)	(61,901)	(1,637)	165,127
Basic equipment	1,654,724	156,000	(51,099)	(2,067)	484	1,758,042
Transportation equipment	504	3	-	-	3	510
Tools and dies	1,369	53	(3)	(2)	3	1,420
Administrative equipment	179,235	4,526	(1,605)	(76)	482	182,562
Other tangible assets	42,603	470	(145)	-	78	43,006
	2,101,261	**166,903**	**(52,864)**	**(64,046)**	**(587)**	**2,150,667**
	1,034,813	**43,687**	**19**	**(87,069)**	**163**	**991,613**

	31-12-2020	INCREASES	DISPOSALS AND WRITE-OFFS	DISCONTINUED UNIT (NOTE 49)	TRANSFERS AND OTHERS	31-12-2021
ACQUISITION COST						
Land	838	-	(41)	-	(1)	796
Buildings and other constructions	263,952	267	(589)	-	12,690	276,320
Basic equipment	2,599,495	53,586	(39,947)	-	152,023	2,765,157
Transportation equipment	512	-	-	-	2	514
Tools and dies	1,554	-	(1)	-	43	1,596
Administrative equipment	193,109	1,743	(1,762)	-	1,945	195,035
Other tangible assets	43,471	147	(18)	-	264	43,864
Tangible assets in-progress	39,349	163,763	-	-	(161,886)	41,226
	3,142,280	**219,506**	**(42,358)**	**-**	**5,080**	**3,324,508**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES						
Buildings and other constructions	165,127	15,398	(440)	-	223	180,308
Basic equipment	1,758,042	153,859	(38,242)	-	(1,095)	1,872,564
Transportation equipment	510	1	-	-	2	513
Tools and dies	1,420	60	(1)	-	-	1,479
Administrative equipment	182,562	4,267	(1,738)	-	91	185,182
Other tangible assets	43,006	372	(18)	-	2	43,362
	2,150,667	**173,957**	**(40,439)**	**-**	**(777)**	**2,283,408**
	991,613	**45,549**	**(1,919)**	**-**	**5,857**	**1,041,100**

The net amount of "Transfers and Others" predominantly corresponds to the transfer of assets to "Intangible assets" (Note 9).

At 31 December 2021, the tangible assets net value is composed mainly by basic equipment, namely:

i) Network and telecommunications infrastructure (fibre optic network and cabling, network equipment, and other equipment) in the amount of 775.1 million euros (31 December 2020: 736.0 million euros);

ii) Terminal equipment installed on client premises, included under Basic equipment, amounts to 107.6 million euros (31 December 2020: 105.5 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.

At 31 December 2021, total net value of these costs amounted to 12.4 million euros (31 December 2020: 13.0 million euros). The amount of interest capitalised in the financial year ended on 31 December 2021 amounted to 1.1 million euros (31 December 2020: 0.9 million euros).

At 31 December 2020 and 2021, the value of commitments to third parties relating to investments to make was as follows:

	31-12-2020	31-12-2021
Network investiments	31,204	124,687
Information systems investiments	9,855	4,750
	41,059	**129,437**

During the financial year ended on 31 December 2021, the Company carried out the impairment analysis (see assumptions in Note 9) of fixed assets related to cinema exhibition. Given the range of influence of each complex, the cinemas were grouped as cash-generating units on a regional basis for impairment testing purposes. Regional cash-generating units are Lisbon, Porto, Coimbra, Aveiro, Viseu and cinemas scattered throughout the other regions of the country are considered individual cash generating units.

In these impairment tests, a discount rate (before tax) of 8.0% and a perpetual growth rate of 1.4% were considered. This analysis did not result in any recognition of impairment.

Sensitivity analyses of the variations of the discount rates and growth rates of revenue were carried out and from approximately 10% of them there was no results of any impairments.

Sensitivity analyses for a perpetual growth rate of 0% were also carried out and neither there were results of impairments.

9. INTANGIBLE ASSETS

In the financial years ended on 31 December 2020 and 2021, the movements in this item were as follows:

	31-12-2019	INCREASES	DISPOSALS AND WRITE-OFFS	TRANSFERS AND OTHERS	31-12-2020
ACQUISITION COST					
Industrial property and other rights	1,634,046	19,379	(118)	86,127	1,739,434
Goodwill	641,400	-	-	-	641,400
Intangible assets in-progress	23,201	96,236	-	(86,127)	33,310
	2,298,647	**115,615**	**(118)**	**-**	**2,414,144**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES					
Industrial property and other rights	1,281,835	87,544	(209)	1,816	1,370,986
Other intangible assets	2,746	-	-	(675)	2,071
	1,284,581	**87,544**	**(209)**	**1,141**	**1,373,057**
	1,014,066	**28,071**	**91**	**(1,141)**	**1,041,087**

	31-12-2020	INCREASES	DISPOSALS AND WRITE-OFFS	TRANSFERS AND OTHERS	31-12-2021
ACQUISITION COST					
Industrial property and other rights	1,739,434	2,241	(21)	240,305	1,981,959
Goodwill	641,400	-	-	-	641,400
Intangible assets in-progress	33,310	251,629	-	(245,078)	39,861
	2,414,144	**253,870**	**(118)**	**(4,773)**	**2,663,220**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES					
Industrial property and other rights	1,370,986	84,904	(18)	294	1,456,166
Other intangible assets	2,071	-	-	(48)	2,023
	1,373,057	**84,904**	**(18)**	**246**	**1,458,189**
	1,041,087	**168,966**	**(3)**	**(5,019)**	**1,205,031**

The amount of "Transfers and Others" corresponds, mainly, to the transfer of assets from "Tangible assets" (Note 8).

At 31 December 2021, the item "Industrial property and other rights" includes mainly:

(1) a net amount of 150.5 million euros corresponding to the acquisition of frequency usage rights in 5G bands and other relevant bands (100MHz in the 3.6GHz band and 2x10MHz in the 700MHz band, also acquiring 2x5MHz in the 2100MHz band and 2x2MHz in the 900MHz band), of which 11 million are in progress as of 31 December 2021;

(2) A net amount of 94.0 million euros (31 December 2020: 102.2 million euros) mainly related to the investment, net of amortisation, made in the development of the UMTS network by NOS SA, including: (i) 29.8 million euros (31 December 2020: 32.4 million euros) related to the license, (ii) 9.9 million euros (31 December 2020: 10.8 million euros) related to the agreement signed in 2002 between Oni Way and the other three mobile telecommunication operators with activity in Portugal, (iii) 3.1 million euros (31 December 2020: 3.3 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; (iv) 43.5 million euros (31 December 2020: 47.4 million euros) related with the programme "Initiatives E"; and (v) the net amount of 5.2 million euros (31 December 2020: 5.6 million euros) corresponding to the valuation of the license in the fair value allocation process resulting from the merger;

(3) A net amount of 75.2 million euros (31 December 2020: 79.0 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 2.6 million euros (31 December 2020: 2.7 million euros) corresponding to the valuation of the license in the fair value allocation process resulting from the merger;

(4) A net amount of 12.6 million euros (31 December 2020: 11.9 million euros) corresponding to the future rights to use movies and series.

Increases in the financial year ended on 31 December 2021 correspond mainly to the acquisition of frequency usage rights in 5G bands and other relevant bands, in the amount of 151.3 million euros, movies and television series usage rights, for an amount of 15.7 million euros, and acquisition and development of software and other assets, for an amount of 86.5 million euros.

In the financial years ended on 31 December 2020 and 2021, the intangible assets in-progress item was as follows:

	31-12-2020	31-12-2021
Nature		
Development of information systems (i)	20,934	18,695
Spectrum band 900MHz	-	10,998
Rights of use of films and series (ii)	4,515	4,600
Others	5,790	3,545
	31,239	**37,838**

i) Developments of information systems: costs with external companies and own work capitalised, related to projects for the development of information systems, both for the telecommunications network and for internal business and administrative systems, not yet concluded nor in operation.

ii) Rights to use films and series: rights to use films and series related to films and series that have not yet started their exploitation.

Impairment tests on goodwill

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

	31-12-2020	31-12-2021
Telco	564,799	564,799
Audiovisuals	76,601	76,601
	641,400	**641,400**

Given the uncertainty, which remains, regarding the evolution of the pandemic situation and its impact on economic development and expected changes in the Portuguese consumption patterns (Note 50.1), in 2021, 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	
		31-12-2021	31-12-2021
Discount rate (before taxes)	5.3%	6.3%	8.0%
Assessment period	5 anos	5 anos	5 anos
EBITDA Growth (2021-26)*	2.7%	1.6%	10.4%
Perpetuity growth rate	1.4%	1.4%	1.4%

* 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, the strong increase in EBITDA is justified by a year of 2021 still impacted by the pandemic, with an estimated activity recovery to pre-pandemic levels by 2023.

The number of years specified in the impairment tests depends on the degree of maturity of the several businesses and markets, and were determined based on the most appropriate criterion for the valuation of each cash-generating unit.

Sensitivity analyses were performed to variations in the discount rate and growth rate in the perpetuity of the various reported segments, of 1 percentage point and 0.4 percentage points, respectively.

In the telecommunications segment, sensitivity analysis were also performed to variations in the operational indicators RGU (Revenue Generating Unit), ARPU (Average Revenue per User), EBITDA and CAPEX, in perpetuity, of approximately 5%.

In the cinema segment, sensitivity analysis were conducted on variations in the projected number of tickets sold, average revenue per ticket, EBITDA and CAPEX, in perpetuity, of approximately 5%.

These simulations did not result in the need to reinforce impairment.

10. CONTRACT COSTS

In the financial years ended on 31 December 2020 and 2021, the movements in this item were as follows:

	31-12-2019	INCREASES	DISPOSALS AND WRITE-OFFS	31-12-2020
ACQUISITION COST				
Cost of attracting customers	427,519	63,971	-	491,490
Costs of fulfilling customer contracts	189,594	34,367	-	223,961
	617,113	**98,338**	**-**	**715,451**
ACCUMULATED AMORTIZATIONS AND IMPAIRMENT LOSSES				
Cost of attracting customers	327,650	65,503	-	393,153
Costs of fulfilling customer contracts	126,362	33,813	-	160,175
	454,012	**99,316**	**-**	**553,328**
	163,101	**(978)**	**-**	**162,123**

	31-12-2020	INCREASES	DISPOSALS AND WRITE-OFFS	31-12-2021
ACQUISITION COST				
Cost of attracting customers	491,490	65,477	-	556,967
Costs of fulfilling customer contracts	223,961	32,923	-	256,884
	715,451	**98,400**	**-**	**813,851**
ACCUMULATED AMORTIZATIONS AND IMPAIRMENT LOSSES				
Cost of attracting customers	393,153	64,417	-	457,570
Costs of fulfilling customer contracts	160,175	33,988	-	194,163
	553,328	**98,405**	**-**	**651,733**
	162,123	**(5)**	**-**	**162,118**

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).

11. RIGHTS OF USE

In the financial years ended on 31 December 2020 and 2021, the movements in this item were as follows:

	31-12-2019	INCREASES	DISCONTINUED UNIT (NOTE 49)	TRANSFERS AND OTHERS	31-12-2020
ACQUISITION COST					
Telecommunications towers and rooftops	139,010	18,664	(88,012)	68,928	138,590
Movie theatres	108,681	5,651	-	-	114,332
Transponders	91,907	-	-	(198)	91,709
Equipments	118,564	14,173	-	-	132,737
Buildings	68,603	4,392	-	(16)	72,979
Fiber optic rental	33,065	7,272	-	-	40,337
Stores	17,838	1,758	-	-	19,596
Others	31,324	2,992	(238)	(26)	34,052
	608,992	**54,902**	**(88,250)**	**68,688**	**644,332**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES					
Telecommunications towers and rooftops	93,237	11,363	(59,025)	-	45,575
Movie theatres	72,093	7,502	-	-	79,595
Transponders	56,671	5,869	-	-	62,540
Equipments	69,091	15,690	-	(4)	84,777
Buildings	45,043	7,093	-	(17)	52,119
Fiber optic rental	26,674	1,775	-	-	28,449
Stores	11,975	2,209	-	-	14,184
Others	15,825	4,562	(172)	(3,219)	16,996
	390,609	**56,063**	**(59,197)**	**(3,240)**	**384,235**
	218,383	**(1,161)**	**(29,053)**	**71,928**	**260,097**

	31-12-2020	INCREASES	DISCONTINUED UNIT (NOTE 49)	TRANSFERS AND OTHERS	31-12-2021
ACQUISITION COST					
Telecommunications towers and rooftops	138,590	4,226	-	105	142,921
Movie theatres	114,332	3,990	-	-	118,322
Transponders	91,709	78	-	-	91,787
Equipments	132,737	16,324	-	-	149,061
Buildings	72,979	4,501	-	-	77,480
Fiber optic rental	40,337	(191)	-	-	40,146
Stores	19,596	1,849	-	-	21,445
Others	34,052	7,269	-	-	41,321
	644,332	**38,046**	**-**	**105**	**682,483**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES					
Telecommunications towers and rooftops	45,575	10,562	-	-	56,137
Movie theatres	79,595	8,255	-	1,700	89,550
Transponders	62,540	5,840	-	-	68,380
Equipments	84,777	18,007	-	-	102,784
Buildings	52,119	7,992	-	(1,700)	58,411
Fiber optic rental	28,449	3,570	-	-	32,019
Stores	14,184	2,401	-	-	16,585
Others	16,996	5,558	-	-	22,554
	384,235	**62,185**	**-**	**-**	**446,420**
	260,097	**(24,139)**	**-**	**105**	**236,063**

The caption "Rights of Use" refers to assets associated with lease contracts. These assets are amortized according to the duration of the respective agreement, except for the lease of equipment with a purchase option that is amortized over the estimated period of use.

12. INVESTMENTS IN JOINTLY CONTROLLED COMPANIES AND ASSOCIATED COMPANIES

At 31 December 2020 and 2021, this item was composed as follows:

	31-12-2020	31-12-2021
INVESTMENTS - EQUITY METHOD		
Finstar*	5,707	12,550
Dreamia	3,369	2,989
Mstar	1,315	2,029
Other companies	506	(552)
	10,897	**17,016**
ASSETS	**10,897**	**18,091**
LIABILITIES (NOTE 26)	**-**	**(1,075)**

* Consolidated from Finstar and ZAP Media

Movements in "Investments in jointly controlled companies and associated companies" in the financial years ended on 31 December 2020 and 2021 were as follows:

	31-12-2020	31-12-2021
AS AT JANUARY 1	**18,244**	**10,897**
Constitution of new companies	27	-
Gains / (losses) of exercise (Note 37)	(715)	3,778
Impairment (Note 37)	(3,123)	-
Changes in equity i)	(3,536)	2,341
AS AT DECEMBER 31	**10,897**	**17,016**

i) Amounts related to changes in equity of the companies registered by the equity method of consolidation are mainly related to foreign exchange impacts of the investment in currencies other than euro.

The assets, liabilities and results of the jointly controlled companies and associated companies in the financial years ended on 31 December 2020 and 2021, are as follows:

31-12-2020								
ENTITY	**NON-CURRENT ASSETS**	**CURRENT ASSETS**	**NON-CURRENT LIABILITIES**	**CURRENT LIABILITIES**	**EQUITY**	**REVENUE**	**NET INCOME**	**% HELD**
Sport TV	96,566	79,853	6,294	158,961	11,164	189,673	(6,809)	25%
Dreamia	13,378	1,255	6,002	1,896	6,735	2,182	(4)	50%
Finstar	17,603	74,644	-	82,841	9,406	165,074	(2,306)	30%
Mstar	170	9,176	549	4,414	4,383	21,212	1,697	30%
Upstar	1,591	46,227	21,600	24,982	1,236	20,553	(67)	30%
Big Picture 2 Films	609	1,083	300	844	548	2,626	(222)	20%
Dualgrid	-	50	-	-	50	-	-	50%
Dreamia S.L.	-	3	-	-	3	-	-	50%
	129,917	**212,291**	**34,745**	**273,938**	**33,525**	**401,319**	**(7,710)**	

31-12-2021								
ENTITY	**NON-CURRENT ASSETS**	**CURRENT ASSETS**	**NON-CURRENT LIABILITIES**	**CURRENT LIABILITIES**	**EQUITY**	**REVENUE**	**NET INCOME**	**% HELD**
Sport TV*	81,857	67,376	5,920	131,009	12,304	236,924	1,140	25%
Dreamia	14,752	744	6,180	1,878	7,438	1,232	(609)	50%
Finstar	62,579	111,165	-	131,912	41,832	150,791	16,248	30%
Mstar	549	11,757	-	7,125	5,181	3,795	1,203	30%
Upstar	1,184	36,392	17,096	19,208	1,272	21,280	35	30%
Big Picture 2 Films	744	2,791	546	2,456	533	2,708	(16)	20%
Dualgrid	7	229	-	166	70	388	30	50%
Dreamia S.L.	-	3	-	-	3	-	-	50%
	161,672	**230,457**	**29,742**	**293,754**	**68,633**	**417,118**	**18,031**	

* During the period of 2021, Sport TV changed the annual reporting period from 31 December to 30 June, hence, in the accounts presented in the table above, the earnings and net income corresponds to the approved income from January to June 2021, added to the income from July to December 2021.

Indicators presented in the tables above do not include consolidated adjustments which were considered when determining the Group's interest in the results, assets and liabilities of jointly controlled and associated companies.

In the financial year ended on 31 December 2021, the assets, liabilities and results of jointly controlled company ZAP Media (100% held by Finstar) are:

31-12-2021							
ENTITY	**NON-CURRENT ASSETS**	**CURRENT ASSETS**	**NON-CURRENT LIABILITIES**	**CURRENT LIABILITIES**	**EQUITY**	**REVENUE**	**NET INCOME**
ZAP Media	23,566	11,394	-	31,693	3,266	27,936	2,153

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 and ZAP Media (where she holds 70% of the capital), does not change the control profile, in this case joint control as defined in IFRS 11 (Note 51).

13. ACCOUNTS RECEIVABLE - OTHER

At 31 December 2020 and 2021, this item was composed as follows:

	31-12-2020		31-12-2021	
	CURRENT	NON CURRENT	CURRENT	NON CURRENT
Accounts receivables [i]	5,786	8,115	4,916	6,674
Advances to suppliers [ii]	23,714	-	14,240	-
	29,500	**8,115**	**19,156**	**6,674**
Impairment of other receivable	(890)	(611)	(764)	(760)
	28,610	**7,504**	**18,392**	**5,914**

i) At 31 December 2021, this item corresponds to short-term loans, medium and long-term loans from Group and interests' receivable, to associated companies and the amount receivable of 3.9 million euros from the sale of NOS International Carrier Services (Note 48).

ii) At 31 December 2021, the advances to suppliers correspond, essentially, to payed values related with football rights' contracts and other operational costs.

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

	31-12-2020	31-12-2021
AS AT JANUARY 1	**3,000**	**1,501**
Increases (Note 36)	509	183
Utilizations / Others	(2,008)	(160)
AS AT DECEMBER 31	**1,501**	**1,524**

14. TAXES PAYABLE AND RECEIVABLE

At 31 December 2020 and 2021, these items were composed as follows:

	31-12-2020		31-12-2021	
	RECEIVABLE	PAYABLE	RECEIVABLE	PAYABLE
NON CURRENT				
Debt regularization	149	-	149	-
	149	**-**	**149**	**-**
CURRENT				
Value-added tax	2,473	6,006	2,117	12,682
Income taxes	-	42,224	-	44,947
Personnel income tax witholdings	-	1,823	-	1,887
Social Security contributions	-	1,819	-	1,887
Others	421	109	421	123
	2,894	**51,981**	**2,538**	**61,526**
	3,043	**51,981**	**2,687**	**61,526**

At 31 December 2020 and 2021, the amounts of IRC (Corporate Income Tax) receivable and payable were composed as follows:

	31-12-2020	31-12-2021
Estimated current tax on income	(31,612)	(25,829)
Tax processes	(44,286)	(42,167)
Payments on account	32,051	21,493
Withholding income taxes	476	911
Others	1,147	645
	(42,224)	**(44,947)**

In the financial year ended on 31 December 2021, the item "Tax processes" includes liabilities, related to ongoing tax processes, of which highlights:

i) Future credits transferred: for the financial year ended at 31 December 2010, NOS SA was notified of the Report of Tax Inspection, when it is considered that the increase, when calculating the taxable profit for the year 2008, of the amount of 100 million euros, with respect to initial price of future credits transferred to securitization, is inappropriate. Given the principle of periodisation 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 amortisation 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 unfavourably, 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;

ii) Supplementary Capital: the fiscal authorities believe that NOS SA has broken the principle of full competition under the terms of (1) of Article 58 of the Corporate Tax Code (CIRC) – currently Article 63 –, by granting supplementary capital to its subsidiary NOS Towering, without having been remunerated at a market interest rate. In consequence, it has been notified, with regard to the years 2004, 2005, 2006 and 2007 of corrections to the determination of its taxable income in the total amount of 20.5 million euros. NOS SA contested the decision with regard to all the above-mentioned years. As for the year 2004, the Court has decided favourably. This decision is concluded (favourably), originating a reversal of provisions, in 2016, in the amount of 1.3 million euros plus interest. As for the years 2006 and 2007, the Porto Fiscal and Administrative Court has already decided unfavourably. As for the year 2005, the Court decided favourably, having been concretized by the Tax Authorities, which meant the provision reversal of one million euros, in 2018.

15. OTHER NON-CURRENT FINANCIAL ASSETS

On 31 December 2021, this caption corresponds mainly to investments in the TechTransfer Fund and in the companies Reckon.ai and Seems Possible (through the NOS 5G Fund), in the amounts of 637 thousand euros (2020: 263 thousand euros) and 250 thousand euros and 800 thousand euros, respectively.

In the financial year ended on 31 December 2021, the NOS 5G Venture Capital Fund, 100% of the Participating Units (UP) are owned by NOS, made its first investments in startups with business models supported by fifth generation mobile network, namely, Reckon.ai (equity) and Seems Possible (debt convertible into equity).

16. INCOME TAX EXPENSE

NOS and its subsidiaries are subject to IRC - Corporate Income Tax - at the rate of 21% on taxable amount (taxable profit less eventual tax losses subject to deduction), plus IRC surcharge at the maximum rate of 1.5% on taxable profit, giving an aggregate rate of approximately 22.5%. Additionally, following the introduction of austerity measures approved by Law 66-B/2012 of 31 December, and respective addendum published by Law 114/2017 of 29 December, this rate was raised by 3% and will be applied to the company's taxable profit between 1.5 million euros and 7.5 million euros, by 5% to the company's taxable profit which exceeds 7.5 million euros, and by 9% to the company's taxable profit above 35 million euros.

In the calculation of taxable income, amounts, which are not fiscally allowable, are added to or subtracted from the book results. These differences between accounting income and taxable income may be of a temporary or permanent nature.

NOS is taxed in accordance with the Special Regime for Taxation of Corporate Groups, which covers the companies in which it directly or indirectly holds at least 75% of their share capital and which fulfil the requirements of Article 69 of the IRC Code.

The companies covered by the Special Regime for Taxation of Corporate Groups in 2021 are:

- NOS (parent company)
- Empracine
- Lusomundo Imobiliária
- Lusomundo SII
- NOS Açores
- NOS Audiovisuais
- NOS Audiovisuais SGPS
- NOS Cinemas
- NOS Comunicações SA
- NOS Inovação
- NOS Internacional SGPS
- NOS Audio – Sales and Distribution
- NOS Madeira
- NOS Sistemas
- NOS Technology
- NOS Wholesale
- NOS Corporate Center
- NOS Property
- Per-mar
- Sontária

Under current legislation, tax declarations are subject to review and correction by tax authorities for a period of four years, except when tax losses have occurred or tax benefits have been obtained, whose term, in these cases, matches the deadline to use them. It should be noted that in the event of inspections, appeals, or disputes in progress, these periods might be extended or suspended.

The Board of Directors of NOS, based on information from its tax advisers, believes that these and any other revisions and corrections to these tax declarations, as well as other contingencies of a fiscal nature, will not have a significant effect on the consolidated financial statements as at 31 December 2021.

A) Deferred tax

NOS and its associated companies have reported deferred tax relating to temporary differences between the taxable basis and the book amounts of assets and liabilities, and tax losses carried forward at the date of the statement of financial position.

The movements in deferred tax assets and liabilities for the financial years ended on 31 December 2020 and 2021 were as follows:

	31-12-2019	INCOME (NOTE B)	EQUITY	DISPOSAL OF NOS TOWERING (NOTE 49)	31-12-2020
DEFERRED INCOME TAX ASSETS					
Impairment of other receivable	1,471	6,750	-		8,221
Inventories	1,871	122	-	-	1,993
Other provision and adjustments	51,825	(3,946)	-	(3,181)	44,698
Intragroup gains	20,091	1,669	-	(2,088)	19,672
Liabilities recorded as part of the allocation of fair value to the liabilities acquired in the merger	5,080	(101)	-	-	4,979
Assets recognised under application of IFRS 16	-	4,612	-	(1,618)	2,994
Derivatives	90	91	44	-	225
	80,428	**9,197**	**44**	**(6,887)**	**82,782**
DEFERRED INCOME TAX LIABILITIES					
Revaluations of assets as part of the allocation of fair value to the assets acquired in the merger	2,799	(207)	-	-	2,592
Assets recognised under application of IFRS 16	6,324	(6,288)	-	-	36
Others	2,503	(106)	-	-	2,397
	11,626	**(6,601)**	**-**	**-**	**5,025**
NET DEFERRED TAX	**68,802**	**15,798**	**44**	**(6,887)**	**77,757**

	31-12-2019	INCOME (NOTE B)	EQUITY	DISPOSAL OF NOS TOWERING (NOTE 49)	31-12-2020
DEFERRED INCOME TAX ASSETS					
Impairment of other receivable	8,221	(1,690)	-	-	6,531
Inventories	1,993	546	-	-	2,539
Other provision and adjustments	44.698	(3,053)	-	-	41,645
Intragroup gains	19,672	1,220	-	-	20,892
Liabilities recorded as part of the allocation of fair value to the liabilities acquired in the merger	4,979	(11)	-	-	4,968
Assets recognised under application of IFRS 16	2,994	1,745	-	-	4,739
Derivatives	225	(52)	(97)	-	76
	82,782	**(1,295)**	**(97)**	**-**	**81,390**
DEFERRED INCOME TAX LIABILITIES					
Revaluations of assets as part of the allocation of fair value to the assets acquired in the merger	2,592	(163)	-	-	2,429
Derivatives	-	24	92	-	116
Assets recognised under application of IFRS 16	36	(13)	-		23
Others	2,397	194	-	-	2,591
	5,025	**42**	**92**	**-**	**5,159**
NET DEFERRED TAX	**77,757**	**(1,337)**	**(189)**	**-**	**76,231**

At 31 December 2021, the deferred tax assets related to the other provisions and adjustments are mainly due: i) Impairments and acceleration of amortisations beyond the acceptable fiscally and other adjustments in fixed tangible assets and intangible assets, amounted to 31.8 million euros (31 December 2020: 34.8 million euros; and ii) Other provisions amounted to 9.6 million euros (31 December 2020: 9.5 million euros).

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

At 31 December 2021, deferred tax assets were not recognised for an amount of 0.6 million euros, corresponding mainly to tax incentives.

Deferred tax assets were recognised when it is probable that taxable profits will occur in future that may be used to absorb tax losses or deductible tax differences. This assessment was based on the business plans of the Group's companies, which are regularly revised and updated.

At 31 December 2021, the tax rate used to calculate the deferred tax assets relating to tax losses carried forward was 21% (2020: 21%). In the case of temporary differences, the rate used was 22.5% (2020: 22.5%) increased to a maximum of 6.5% (2020: 6.4%) 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.

Additionally, under the terms of current legislation in Portugal, tax losses generated from 2012 to 2013 and from 2014 to 2016 may be carried forward for a period of five years and twelve years, respectively, after their occurrence and may be deducted from taxable profits generated during that period, up to a limit of 75% of the taxable profit, in 2012 and 2013, and 70% of taxable profit from 2014 to 2016. For tax losses generated in taxation periods that begin on or after 1 January 2017, the carryover is over a five-year period up to the limit of 70% of the taxable profit.

In view of the Supplementary Budget for 2020, tax losses generated in the taxable periods of 2020 and 2021 are reportable over a period of twelve years with a limit of 80% of taxable profit, the period for counting of tax losses in force, calculated before 2020, being suspended during these two periods.

B) Effective tax rate reconciliation

In the financial years ended on 31 December 2020 and 2021, the reconciliation between the nominal and effective rates of tax was as follows:

	4º QUARTER 20	12M 20	4º QUARTER 21	12M 21
Income before taxes	15,167	101,578	20,098	155,636
Statutory tax rate	22.5%	22.5%	22.5%	22.5%
ESTIMATED TAX	**3,413**	**22,855**	**4,522**	**35,018**
Permanent differences i)	(109)	2,359	403	(1,082)
Differences in tax rate of group companies	104	144	13	4
Tax benefits ii)	30	(10,759)	(8,343)	(21,747)
State surcharge	472	3,446	(753)	4,373
Autonomous taxation	160	672	160	609
Others	(1,997)	(2,375)	83	(5,392)
INCOME TAXES	**2,073**	**16,342**	**(3,915)**	**11,783**
Effective Income tax rate	13.7%	16.1%	-19.5%	7.6%
Income tax	1,061	32,140	(2,701)	10,446
Deferred tax	1,012	(15,798)	(1,214)	1,337
	2,073	**16,342**	**(3,915)**	**11,783**

i) At 31 December 2020 and 2021, the permanent differences were composed as follows:

	4º QUARTER 20	12M 20	4º QUARTER 21	12M 21
Equity method (Note 37)	(29)	9,099	1,140	(3,601)
Others	(454)	1,386	652	(1,208)
	(483)	**10,485**	**1,792**	**(4,809)**
Imposto diferido	22.5%	22.5%	22.5%	22.5%
	(109)	**2,359**	**403**	**(1,082)**

ii) This item corresponds to the amount of deferred taxes and the use of tax benefits for which there was no record of deferred taxes: SIFIDE (Business Research and Development Tax Incentives System), a tax benefit introduced by Law 40/2005 of 3 August and RFAI (Investment Tax Incentive Regime) introduced by Law 10/2009 of 10 March; and provisions for used tax incentives. The increase in the financial year ended on 31 December 2021 is mainly due to the recognition of tax incentives related to SIFIDE (corrections from previous years, higher approval rates and estimate for the same year incentive).

17. INVENTORIES

At 31 December 2020 and 2021, this item was composed as follows:

	31-12-2020	31-12-2021
INVENTORIES		
Telco	50,135	52,467
Audiovisuals	637	482
	50,772	**52,949**
IMPAIRMENT OF INVENTORIES		
Telco	(6,913)	(8,935)
Audiovisuals	(231)	-
	(7,144)	(8,935)
	43,628	**44,014**

The movements occurred in impairment adjustments were as follows:

	12M 20	12M 21
AS AT JANUARY 1	**6 673**	**7 144**
Increase and decrease - Cost of products sold (Note 34)	1 646	4 329
Utilizations / Others	(1 175)	(2 538)
AS AT DECEMBER 31	**7 144**	**8 935**

18. ACCOUNTS RECEIVABLE - TRADE

At 31 December 2020 and 2021, this item was as follows:

	31-12-2020	31-12-2021
Trade receivables	437,055	454,610
Unbilled revenues i)	48,762	66,952
	485,817	**521,562**
Impairment of trade receivable	(195,165)	(197,628)
	290,652	**323,934**

i) The amounts to be invoiced correspond mainly to the value of contractual obligations already met or partially met and whose invoicing will occur subsequently.

The movements occurred in impairment adjustments were as follows:

	12M 20	12M 21
AS AT JANUARY 1	**154,128**	**195,165**
Increases and decreases (Note 36)	14,672	8,730
Penalties - i)	20,898	25,677
Other losses / (gains) non-recurrent (Note 40)	28,239	-
Losses/ (Gains) in participated companies (Note 37)	5,052	-
Utilizations / Others	(27,824)	(31,944)
AS AT DECEMBER 31	**195,165**	**197,628**

i) Penalties correspond to the invoiced penalties, in the period, for which the full expected credit losses are registered, and the register was made by deduction from the respective revenue.

19. CONTRACT ASSETS

At 31 December 2021, the contract assets, in the amount of 61.8 million euros (31 December 2020: 61.6 million euros), correspond to discounts, attributed to customers at the time of the sale of equipment (included in the telecommunications packages) and which are allocated to monthly fees / services rendered, within the scope of the allocation of credits to different types of performance obligations, according to IFRS 15. These assets are deferred, at the time of sale of the equipment, and recognised over the contract period (service rendered).

20. PREPAID EXPENSES

At 31 December 2020 and 2021, this item was composed as follow:

	31-12-2020	31-12-2021
Programming costs i)	15,462	18,473
Costs of litigation procedure activity ii)	2,499	4,750
Insurance	696	1,038
Advertising	348	872
Others iii)	15,049	19,745
	34,054	**44,878**

i) Programming costs correspond to costs inherent to the availability of channels, namely fixed fees, billed in advance. This cost is recognised in the period in which the channel is made available and transmitted, and recognised as a programming cost, in the Consolidated Income Statement.

ii) Deferred costs related to collection actions correspond to services paid in advance to external entities as part of the processes for recovering customer debts / collection actions. These costs are recognised as the service is provided.

iii) "Others" includes deferred costs, mainly related to expenses to be recognised from various supplies and external services, such as specialised works, maintenance and repair work and others, billed in advance by suppliers (quarterly or annual billing), the respective expense being recognised in the income statement as the service is provided.

21. DERIVATED FINANCIAL INSTRUMENTS

Interest rate derivatives

At 31 December 2021, NOS had contracted an interest rate swap that ascend to a total of 150 million euros (31 December 2020: 150 million euros) whose swap maturity expires in 2022. The fair value of interest rate swap, in the negative amount of 10 thousand euros (31 December 2020: negative amount of 51 thousand euros), was recorded in liabilities, against shareholder's equity.

Own shares derivatives

At 31 December 2021, NOS had contracted three own shares derivatives, in the amount of 3.004 thousand euros (31 December 2020: 2.728 thousand euros), maturing in March 2022, 2023 and 2024, in order to cover the delivery of share plans liquidated in cash.

Exchange rate derivatives

At the date of the statement of the financial position there are foreign currency forwards open worth 6.268 thousand euros (2020: there were no foreign currency forwards open), whose fair value amounts to a negative net amount of 313 thousand euros.

	31-12-2020				
		ASSETS		LIABILITIES	
	NOTIONAL	CURRENT	NON CURRENT	CURRENT	NON CURRENT
Interest rate swaps		150,000	-	-	51
Equity Swaps		2,728	-	-	604
	152,728	**152,728**	**-**	**-**	**655**

	31-12-2020				
		ASSETS		LIABILITIES	
	NOTIONAL	CURRENT	NON CURRENTE	CURRENT	NON CURRENT
Interest rate swaps		150,000	-	-	51
Equity swaps		150,000	-	-	51
Exchange rate forward		2,728	-	-	604
	152,728	**152,728**	**-**	**-**	**655**

Movements during the financial years ended on 31 December 2020 and 2021 were as follows:

	31-12-2019	RESULT	EQUITY	31-12-2020
Fair value interest rate swaps	(38)	-	(13)	(51)
Fair value exchange rate forward	(16)	16	-	-
Fair value equity swaps	(346)	(423)	(181)	(950)
DERIVATIVES	**(400)**	**(407)**	**(194)**	**(1,001)**
Deferred income tax assets	90	91	44	225
DEFERRED INCOME TAX	**90**	**91**	**44**	**225**
	(310)	**(316)**	**(150)**	**(776)**

	31-12-2020	RESULT	EQUITY	31-12-2021
Fair value interest rate swaps	(51)	1	40	(10)
Fair value exchange rate forward	-	(4)	317	313
Fair value equity swaps	(950)	342	390	(218)
DERIVATIVES	(1,001)	**339**	**747**	**85**
Deferred income tax liabilities	-	(24)	(92)	(116)
Deferred income tax assets	225	(52)	(97)	76
DEFERRED INCOME TAX	225	**(76)**	**(189)**	**(40)**
	(776)	**263**	**558**	**45**

22. CASH AND CASH EQUIVALENTS

At 31 December 2020 and 2021, this item was composed as follows:

	31-12-2020	31-12-2021
Cash	566	523
Other deposits	15,000	125
Terms deposits i)	137,719	10,254
	153,285	**10,902**

i) At 31 December 2020 and 2021, there are 9.8 million euros and 8.4 million euros, respectively, recorded in the item "Current deposits" whose use is restricted, because they are held by the Capital Fund NOS 5G, subscribed by NOS.

23. SHAREHOLDER'S EQUITY

23.1 Share capital

At 31 December 2020 and 2021, the share capital of NOS was 5,151,613.80 euros, represented by 515,161,380 shares registered book-entry shares, with a nominal value of 1 euro cent per share.

The main shareholders as of 31 December 2020 and 2021 are:

	31-12-2020		31-12-2021	
	NUMBER OF SHARES	% SHARE CAPITAL	NUMBER OF SHARES	% SHARE CAPITAL
ZOPT, SGPS, SA (1)	268,644,537	52.15%	268,644,537	52.15%
Sonae, SGPS, S.A. (2)	38,000,000	7.38%	38,000,000	7.38%
Mubadala Investment Company	-	-	25,758,569	5.00%
MFS Investment Management	11,049,477	2.14%	-	0.00%
Norges Bank	11,488,019	2.23%	-	0.00%
TOTAL	**329,182,033**	**63.90%**	**332,403,106**	**64.52%**

(1) In accordance with subparagraphs 1.b) and 1.c) of Article 20 and Article 21 of the Portuguese Securities Code, a qualified shareholding of 52.15% of the share capital and voting rights of company, calculated in accordance with Article 20 of the Securities Code, is attributable to ZOPT SGPS, S.A., Sonaecom SGPS S.A. and the following entities:

a. Kento Holding Limited and Unitel International Holdings B.V., as well as Isabel dos Santos, being (i) Kento Holding Limited and Unitel International Holdings, B.V., companies directly and indirectly controlled by Isabel dos Santos, and (ii) ZOPT SGPS S.A., a jointly controlled company by its shareholders Kento Holding Limited, Unitel International Holdings B.V. and Sonaecom SGPS S.A., under the shareholder agreement signed between them;

b. Entities in a control relationship with Sonaecom SGPS S.A., namely, SONTEL, BV and SONAE, SGPS, S.A, companies directly and indirectly controlled by Efanor Investimentos, SGPS, S.A., also due of such control and of the shareholder agreement mentioned in a.;

(2) According to the announcement disclosed to CMVM, on 19 August 2020

23.2 Capital issued premium

On 27 August 2013, following the completion of the merger between ZON and Optimus SGPS, the Company's share capital was increased by 856,404,278 euros, corresponding to the total number of issued shares (206,064,552 shares), based on the closing market price of 27 August 2013. The capital increase is detailed as follows:

i) share capital in the amount of 2,060,646 euros;

ii) premium for issue of shares in the amount of 854,343,632 euros.

Additionally, the premium for issue of shares was deducted for an amount of 125 thousand euros related to costs with the respective capital increase.

The capital issued premium is subject to the same rules as for legal reserves and can only be used:

a) To cover part of the losses on the balance of the year that cannot be covered by other reserves;

b) 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;

c) To increase the share capital.

23.3 Own shares

Company law regarding own shares requires the establishment of a non-distributable reserve of an amount equal to the purchase price of such shares, which becomes frozen until the shares are disposed of or distributed. In addition, the applicable accounting rules determine that gains or losses on the disposal of own shares are stated in reserves.

At 31 December 2021 there were 3,002,427 own shares, representing 0.5828% of share capital (31 December 2020: 3,424,754 own shares, representing 0.6648% of the share capital).

Movements in the financial years ended on 31 December 2020 and 2021 were as follows:

	QUANTITY	VALUE
BALANCE AS AT 1 JANUARY 2020	**2,595,541**	**14,655**
Acquisition of own shares	1,812,134	5,722
Distribution of own shares - share incentive scheme	(892,627)	(5,008)
Distribution of own shares - other remunerations	(90,294)	(510)
BALANCE AS AT 31 DECEMBER 2020	**3,424,754**	**14,859**
BALANCE AS AT 1 JANUARY 2021	**3,424,754**	**14,859**
Acquisition of own shares	687,000	2,069
Distribution of own shares - share incentive scheme	(963,026)	(3,977)
Distribution of own shares - other remunerations	(146,301)	(598)
BALANCE AS AT 31 DECEMBER 2021	**3,002,427**	**12,353**

23.4 Reserves

Legal reserve

Company law and NOS Articles of Association establish that at least 5% of the Company's annual net profit must be used to build up the legal reserve until it corresponds to 20% of the share capital. This reserve cannot be distributed except in the event of liquidation of the company, but it may be used to absorb losses after all other reserves have been exhausted, or for incorporation in the share capital.

Other reserves

Under Portuguese law, the amount of distributable reserves is determined according to the individual financial statements of the company prepared in accordance with IAS / IFRS. Thus, on 31 December 2021, NOS had reserves, which by their nature are considered distributable for an amount of approximately 267.5 million euros, not including the net income.

Dividends

The General Meeting of Shareholders held on 19 June 2020 approved a proposal by the Board of Directors for payment of an ordinary dividend per share of 0.278 euros, totalling 143,215 thousand euros. The dividend attributable to own shares amounted to 699 thousand euros. The dividends were paid on 3 July 2020.

	2020 DIVIDENDS
Dividends	143,215
Dividends of own shares	(699)
DIVIDENDS PAID	**142,516**

The General Meeting of Shareholders held on 21 April 2021 approved a proposal by the Board of Directors for payment of an ordinary dividend per share of 0.278 euros, totalling 143,215 thousand euros. The dividend attributable to own shares amounted to 839 thousand euros. The dividends were paid on 6 May 2021.

	2021 DIVIDENDS
Dividends	143,215
Dividends of own shares	(839)
DIVIDENDS PAID	**142,376**

24. NON-CONTROLLING INTERESTS

The movements of the non-controlling interests occurred during the financial years ended on 31 December 2020 and 2021 and the results attributable to non-controlling interests for the year are as follows:

	31-12-2019	ATTRIBUTABLE PROFITS	OTHERS	31-12-2020
NOS Madeira	5,502	(182)	-	5,320
NOS Açores	1,540	(175)	-	1,365
	7,042	**(357)**	**-**	**6,685**

	31-12-2020	ATTRIBUTABLE PROFITS	OTHERS	31-12-2021
NOS Madeira	5,320	(31)	-	5,289
NOS Açores	1,365	(276)	-	1,090
	6,685	**(306)**	**-**	**6,379**

25. BORROWINGS

At 31 December 2020 and 2021, the composition of borrowings was as follows:

	31-12-2020		31-12-2021	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
LOANS - NOMINAL VALUE	**98,103**	**855,833**	**233,064**	**807,500**
Debenture loan	-	575,000	150,000	440,000
Commercial paper	77,500	262,500	64,000	367,500
Foreign loans	18,333	18,333	18,333	-
Bank overdrafts	2,270	-	731	-
LOANS - ACCRUALS AND DEFERRALS	**2,680**	**(1,285)**	**2,678**	**(638)**
LOANS - AMORTISED COST	**100,783**	**854,548**	**235,742**	**806,862**
LEASES	**66,343**	**508,966**	**65,326**	**468,679**
	167,126	**1,363,514**	**301,068**	**1,275,541**

During the financial year ended on 31 December 2021, the average cost of debt of the used lines was approximately 1.2% (2020: 1.2%).

The average global financing cost (used and unused lines) during the financial year ended on 31 December 2021 was approximately 1.4% (2020: 1.3%).

At 31 December 2021 there is no default in terms of capital, interest, conditions for redemption on loans payable or other commitments.

25.1 Debenture loans

A 31 de dezembro de 2021, a NOS tem um montante global de 590 milhões de euros de obrigações emitidas:

i) Private placement de 150 milhões de euros numa emissão organizada pelo banco BPI e pela Caixa – Banco de Investimento em março de 2015, com vencimento em março de 2022. O empréstimo vence juros a taxa variável, indexados à Euribor e pagos semestralmente. A emissão está totalmente coberta por um swap de taxa de juro.

ii) Emissão pública de obrigações, no montante de 300 milhões de euros, em maio de 2018, com vencimento em maio de 2023. Esta emissão vence juros anuais a taxa fixa.

iii) Empréstimo obrigacionista, de 50 milhões de euros, colocado em junho de 2019 pelo BPI e com vencimento em junho de 2024. O empréstimo vence juros a taxa variável, indexados à Euribor e pagos semestralmente.

iv) Empréstimo obrigacionista, de 50 milhões de euros, colocado em julho de 2019 pela Caixa Geral de Depósitos, e com vencimento em julho de 2024. O empréstimo vence juros a taxa variável, indexados à Euribor e pagos semestralmente.

v) Empréstimo obrigacionista, no montante de 25 milhões de euros, contratado em julho de 2019 e organizado pelo MedioBanca, cujo vencimento ocorre em julho de 2024. A emissão vence juros a taxa variável, indexada à Euribor e pagos semestralmente.

vi) Empréstimo obrigacionista, de 15 milhões de euros, colocado em julho de 2021 pelo BPI e com vencimento em julho de 2026. O empréstimo vence juros a taxa variável, indexados à Euribor e pagos trimestralmente.

A 31 de dezembro de 2021, ao valor destes financiamentos foi acrescido o montante líquido de 1.896 milhares de euros, correspondente aos respetivos juros e comissões, registados na rubrica Empréstimos - acréscimos e diferimentos.

25.2 Commercial paper

At 31 December 2021, the Company has borrowings of 431.5 million euros in the form of commercial paper, of which 14 million euros were issued under securities without underwriting. The total amount contracted, under underwriting securities, is of 635 million euros, corresponding to twelve programmes, with six banks, 497.5 million euros of which bear interest at market rates and 137.5 million euros are issued in fixed rate. Commercial paper programmes with maturities over one-year totalling 560 million euros (of which 367.5 million euros have been used as of 31 December 2021) are classified as non-current, since the Company can renew unilaterally current issues on or before the programmes' maturity dates and because they are underwritten by the organiser. As such, this amount, although having a current maturity, it was classified as non-current for presentation purposes in the financial position statement.

At 31 December 2021 an amount of 387 thousand euros, corresponding to interest and commissions, was added to this amount, and recorded in the item "Loans - accruals and deferrals".

25.3 Foreign loans

In November 2013, NOS signed a Finance Contract with the European Investment Bank for an amount of 110 million euros to support the development of the mobile broadband network in Portugal. In June 2014, the total amount of funds was used. This contract matures in a maximum period of 8 years from the use of the funds, with partial amortisations of 18.3 million euros per year as of June 2017. At 31 December 2021, the amount in borrowings corresponds to 18.3 million euros.

At 31 December 2021, an amount of 243 thousand euros was deducted from this amount, corresponding to the benefit associated with the fact that the loan with BEI is at a subsidised rate.

All bank borrowings contracted (apart from BEI loan of 18.3 million euros, from public issuance of bonds of 300 million euros from two commercial paper program of 37.5 and 100 million euros issued in fixed rate, besides finance leases) are negotiated at variable short-term interest rates and their book value is therefore broadly similar to their fair value.

25.4 Leases

At 31 December 2020 and 2021, 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

	31-12-2020	31-12-2021
Until 1 year	91,347	89,711
Between 1 and 5 years	274,163	256,137
Over 5 years	413,997	369,302
	779,507	**715,150**
Future financial costs (lease)	(204,198)	(181,145)
PRESENT VALUE OF LEASE LIABILITIES	**575,309**	**534,005**

Leases – present value

	31-12-2020	31-12-2021
Until 1 year	66,343	65,326
Between 1 and 5 years	190,163	355,677
Over 5 years	318,803	113,002
	575,309	**534,005**

The maturities of the loans obtained are as follows:

	31-12-2020			31-12-2021		
	UNTIL 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	UNTIL 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS
Debenture loan	2,343	574,007	-	152,511	439,385	-
Commercial paper	78,532	212,463	50,000	64,410	367,477	-
Foreign loans	17,638	18,078	-	18,090	-	-
Bank overdrafts	2,270	-	-	731	-	-
Leases	66,343	190,163	318,803	65,326	355,677	113,002
	167,126	**994,711**	**368,803**	**301,068**	**1,162,539**	**113,002**

26. PROVISIONS

At 31 December 2020 and 2021, the provisions were as follows:

	31-12-2020	31-12-2021
Litigation and other - i)	24,756	32,468
Financial investments - ii)	-	1,075
Dismantling and removal of assets - iii)	21,604	22,326
Contingent liabilities - iv)	23,720	23,707
Contingencies - other - v)	3,265	2,940
	73,345	**82,516**

i) At 31 December 2021, the amount under the item "Litigation and other" corresponds to provisions to cover the legal and others claims in-progress.

ii) The amount presented in the "Financial Investments" caption corresponds to the responsibilities assumed by the Group towards the associated companies and jointly controlled entities, other than the investment made (Note 12);

iii) The amount under the item "Dismantling and removal of assets "refers to the estimated future costs discounted to the present value, related with the termination of the use of the space where there are telecommunication towers and cinemas;

iv) The amount in the item "Contingent liabilities" refers to several provisions recorded for present but not likely obligations, related to the merger by incorporation of Optimus SGPS, namely:

a. Extraordinary contribution toward the fund for the compensation of the net costs of the universal service of electronic communications (CLSU): The Extraordinary contribution toward the fund for the compensation of the net costs of the universal service of electronic communications (CLSU) is legislated in Articles 17 to 22 of Law no 35/2012, of 23 August. From 1995 until June 2014, MEO, SA (former PTC) was the sole provider for the universal service of electronic communications, having been designated administratively by the government, i.e. without a formal contest procedure led by the government for that effect, which constitutes an illegality, by the way acknowledged by the European Court of Justice

who, through its decision taken in June 2014, condemned the Portuguese State to pay a fine of 3 million euros for illegally designating MEO. In accordance with Article 18 of the abovementioned Law 35/2012, of 23 August, the net costs incurred by the operator responsible for providing the universal service, approved by ANACOM, must be shared between other companies who provide, in national territory public communication networks and publicly accessible electronic communications services. NOS is therefore within the scope of this extraordinary contribution given that MEO has being requesting the payment of CLSU to the compensation fund of the several periods during which it was responsible for providing the services. In accordance with law, the compensation fund can be activated to compensate the net costs of the electronic communications universal service, relative to the period before the designation of the provider by tender, whenever, cumulatively (i) there are net costs, considered excessive, the amount of which is approved by ANACOM, following an audit to their preliminary calculation and support documents, which are provided by the universal service provider, and (ii) the universal service provider requester the Government compensation for the net costs approved under the terms previously mentioned.

Therefore:

- In 2013, ANACOM deliberated to approve the final results of the CLSU audit presented by MEO, relative to the period from 2007 to 2009, in a total amount of 66.8 million euros, a decision that was contested by the Company. In January 2015, ANACOM issued the settlement notes in the amount of 18.6 million euros related to NOS, SA, NOS Madeira and NOS Açores which were contested by NOS and for which a bail was presented by NOS SGPS (Note 46) 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, totalling 13.6 million euros that 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 totalling close to 2.4 million euros. In December 2017, the settlement notes relating to NOS, SA, NOS Madeira and NOS Açores, concerning that period, were issued in the amount of approximately 2.4 million euros, which were challenged by NOS and for which guarantees have also been presented by NOS SGPS, in order to avoid the promotion of their tax enforcement procedures. The guarantees were also accepted by ANACOM.

It is the opinion of the Board of Directors of NOS that these extraordinary contributions to Universal Service (not designated through a tender procedure) flagrantly violate the Directive of Universal Service. Moreover, considering the existing legal framework since NOS began its activity, the request of payment of the extraordinary contribution violates the principle of the protection of confidence, recognised on a legal and constitutional level in Portuguese domestic law. For these reasons, NOS has judicially challenged either the approval of audit results of the universal service net cost related with the pre-contest period as well as the liquidation of each and every extraordinary contributions that may be required. In September 2021, the Lisbon Administrative Circle Court ruled as unfounded the action regarding the administrative challenge of the results of the CLSU 2007-2009 audit, which NOS appealed in October 2021. The Board of Directors is convinced it will be successful in both challenges and appeals undertaken;

v) The amount under the caption "Contingencies - other" refers to provisions for risks related to miscellaneous events/disputes of various kinds, the settlement of which may result in outflows of cash, and other likely liabilities related to several transactions from previous periods, and whose outflow of cash is probable, namely, costs charged to the current period or previous years, for which it is not possible to estimate reliably the time of occurrence of the expense.

During the financial year ended on 31 December 2020, movements in provisions were as follows:

	31-12-2019	INCREASES	DECREASES	OTHERS	31-12-2020
Litigation and other	30,263	2,609	(7,993)	(123)	24,756
Dismantling and removal of assets	39,032	766	(73)	(18,121)	21,604
Contingent liabilities	23,827	-	-	(107)	23,720
Contingencies - other	1,837	5,554	(484)	(3,642)	3,265
	94,959	**8,929**	**(8,550)**	**(21,993)**	**73,345**

During the financial year ended on 31 December 2020, increases refer mainly to indemnities to employees, provisions for legal claims and others plus respective interests and charges, and the reductions refer mainly to the reassessment and prescription of several contingencies.

The movements recorded in "Others", under the caption "Dismantling and removal of assets", correspond mainly to the value of the provision for the dismantling of assets sold with the sale of NOS Towering (Note 49).

During the financial year ended on 31 December 2021, movements in provisions, were as follows:

	31-12-2020	INCREASES	DECREASES	OTHERS	31-12-2021
Litigation and other	24,756	6,069	(3,854)	5,497	32,468
Financial investments	-	1,075	-	-	1,075
Dismantling and removal of assets	21,604	453	-	269	22,326
Contingent liabilities	23,720	-	(13)	-	23,707
Contingencies - other	3,265	9,159	(895)	(8,589)	2,940
	73,345	**16,756**	**(4,762)**	**(2,823)**	**82,516**

During the financial year ended on 31 December 2021, 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 of several legal contingencies arising from favorable decisions in ongoing lawsuits.

The movements recorded in "Others", under the heading "Contingencies - other" correspond, predominantly, to compensations to employees.

The net movements for the financial years ended on 31 December 2020 and 2021 reflected in the income statement under Provisions were as follows:

	12M 20	12M 21
Provisions and adjustments (Note 36)	(3,687)	776
Losses / (gains) of affiliated companies, net (Note 37)	-	1,075
Other losses / (gains) non-recurrent (Note 39)	5,066	8,224
Interests - dismantling	694	453
Other	(1,694)	1,466
INCREASES AND DECREASES IN PROVISIONS	**379**	**11,994**

27. ACCRUED EXPENSES

At 31 December 2020 and 2021, this item was composed as follows:

	31-12-2020	31-12-20211
NON-CURRENT		
Others	505	497
	505	**497**
CURRENT		
Invoices to be issued by operators i)	59,452	31,365
Vacation pay and bonuses	24,531	23,020
Costs related to specific projects of business customers	3,426	20,775
Investments in tangible and intangible assets	13,071	18,689
Programming services	8,535	12,370
Content and film rights	10,265	16,810
Professional services	12,960	11,087
Advertising	11,856	16,567
Comissions	6,294	5,761
Costs of litigation procedure activity	7,354	4,705
Energy and water	3,771	3,427
Maintenance and repair	1,694	1,963
Rentals	3,850	6,056
Other accrued expenses	12,651	9,245
	175,860	**175,784**

i) Amounts related to invoices to be billed by operators, mainly international operators, regarding interconnection costs related with international traffic and roaming services.

28. DEFERRED INCOME

At 31 December 2020 and 2021, this item was composed as follows:

	31-12-2020		31-12-2021	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Advanced billing i)	32,831	-	35,206	-
Investment subsidy ii)	397	4,729	397	4,230
	33,228	**4,729**	**35,603**	**4,230**

i) This item relates mainly to the billing of Pay TV services regarding the following month to the report period and amounts received from NOS Comunicações' customers, related with the recharges of mobile phones and purchase of telecommunications minutes yet unused.

ii) Deferred income related to the implicit subsidy when the BEI loans were obtained at interest rates below market value (Note 25).

29. ACCOUNTS PAYABLE - TRADE

At 31 December 2020 and 2021, this item was composed as follows:

	31-12-2020	31-12-2021
Suppliers current account	250,711	279,138
Invoices in reception and conference	1,896	855
	252,607	**279,993**

30. ACCOUNTS PAYABLE - OTHER

At 31 December 2020 and 2021, this item was composed as follows:

	31-12-2020	31-12-2021
NON-CURRENT		
Assignment of receivables without recourse i)	784	-
Contractual rights ii)	39,266	38,502
	40,050	**38,502**
CURRENT		
Fixed assets suppliers	42,581	32,422
Assignment of receivables without recourse i)	2,319	-
Contractual rights ii)	350	264
Advances from customers	209	220
Others	1,979	2,733
	47,438	**35,639**
	87,488	**74,141**

i) NOS Comunicações, SA materialised a credit assignment transaction, that was coordinated by Banco Comercial Português and Caixa Geral de Depósitos, which it ceded future credits, to be generated by a portfolio of Corporate customers. In the financial year ended on 31 December 2021, the balance is null. This does not imply any change in the accounting treatment of the receivables or in the relationship with their customers.

ii) Liability to settle over the next 20 years, related with the contractual right acquired with the agreement celebration between NOS Comunicações, S.A., NOS Technology S.A., and Vodafone Portugal, Comunicações Pessoais, S.A with the aim of sharing mobile support network infrastructures (passive infrastructure such as towers and masts) and active mobile network (active radio equipment such as antennas, amplifiers and other equipment), as disclosed to the market on 22 October 2020.

31. OPERATING REVENUES

Consolidated operating revenues, for the financial years ended on 31 December 2020 and 2021, were as follows:

	4º QUARTER 20	12M 20	4º QUARTER 21	12M 21
SERVICES RENDERED:				
Communications service revenues (i)	303,308	1,202,436	311,958	1,226,432
Revenue distribution and cinematographic exhibition (ii)	1,653	12,626	9,222	19,139
Advertising revenue (iii)	5,998	16,653	7,174	20,745
Production and distribution of content and channels (iv)	6,946	28,541	6,897	26,074
Others	706	2,724	846	2,858
	318,611	**1,262,980**	**336,097**	**1,295,248**
SALES:				
Telco v)	28,476	81,303	39,189	103,404
Audiovisuals and cinema exhibition vi)	734	5,006	3,106	5,782
	29,210	**86,309**	**42,295**	**109,186**
OTHER OPERATING REVENUES:				
Telco	6,213	17,774	6,583	24,741
Audiovisuals and cinema exhibition	275	823	407	1,124
	6,488	**18,597**	6,990	**25,865**
	354,309	**1,367,886**	**385,382**	**1,430,299**

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 datacentre management and consulting services in IT.

ii) This item mainly includes (a) box office revenue at the NOS Cinemas, and (b) revenue relating to film distribution to other cinema exhibitors in Portugal.

iii) This item includes advertising revenues on television channels and NOS cinemas.

iv) This item includes revenues related to production of audiovisual content, thought the compilation of acquired contents, and distribution of channels, essentially TVCines.

v) Revenue relating to the sale of terminal equipment, telephones, and mobile phones.

vi) This item mainly includes sales of bar products by NOS Cinemas and DVD sales.

This item includes earned income related with non-compliances and contractual penalties, as well as other supplementary income of diverse natures.

32. WAGES AND SALARIES

In the financial years ended on 31 December 2020 and 2021, this item was composed as follows:

	4º QUARTER 20	12M 20	4º QUARTER 21	12M 21
Remuneration	15,751	64,373	15,085	61,906
Social taxes	4,189	16,757	4,293	16,809
Social benefits	544	2,050	550	2,090
Other	1,392	2,151	1,028	1,231
	21,876	**85,331**	**20,956**	**82,036**

In the financial years ended on 31 December 2020 and 2021, the average number of employees of the companies included in the consolidation was 2,351 and 2,235, respectively. At 31 December 2021, the number of employees of the companies included in the consolidation was 2,348 employees.

The costs of compensations paid to employees, since they are non-recurring costs, are recorded in the item "Restructuring costs" (Note 39).

33. DIRECT COSTS

In the financial years ended on 31 December 2020 and 2021, this item was composed as follows:

	4º QUARTER 20	12M 20	4º QUARTER 21	12M 21
Exhibition costs	51,141	175,393	50,476	195,379
Traffic costs	20,789	79,156	18,125	69,604
Capacity costs	14,039	50,722	14,900	52,532
Costs related to corporate customers services	10,166	32,151	12,306	43,664
Shared advertising revenues	3,945	11,354	4,860	14,261
	100,080	**348,776**	**100,667**	**375,440**

In the financial year ended on 31 December 2020, content costs related to onerous contracts were recognized on the item "Other non-recurring costs / (Gains)", in the amount of 10.8 million euros (Note 40).

34. COST OF PRODUCTS SOLD

In the financial years ended on 31 December 2020 and 2021, this item was composed as follows:

	4º QUARTER 20	12M 20	4º QUARTER 21	12M 21
Costs of products sold	25,131	72,666	37,015	94,746
Increases / (decreases) in inventories impairments (Note 17)	(299)	1,646	2,836	4,329
	24,832	**74,312**	**39,851**	**99,075**

35. SUPPORT SERVICES AND SUPPLIES AND EXTERNAL SERVICES

In the financial years ended on 31 December 2020 and 2021, this item was composed as follows:

	4º QUARTER 20	12M 20	4º QUARTER 21	12M 21
SUPPORT SERVICES:				
Call centers and customer support	10,265	37,101	9,284	36,558
Administrative support and others	10,226	35,058	8,843	31,944
Information systems	4,564	14,122	5,610	16,355
	25,055	**86,281**	**23,737**	**84,857**
SUPPLIES AND EXTERNAL SERVICES:				
Maintenance and repair	12,186	43,706	12,314	43,993
Electricity	6,055	21,451	6,040	19,979
Professional services	3,131	11,294	2,934	11,373
Communications	1,022	4,053	1,033	4,236
Installation and removal of terminal equipment	1,358	3,638	1,437	5,020
Travel and accommodation	270	1,552	475	1,214
Other supplies and external services	3,191	14,848	5,822	15,144
	27,213	**100,542**	**30,055**	**100,959**

During the financial years ended on 31 December 2020 and 2021, given the application of IFRS 16, (practical expedient to consider the changes / concessions related to COVID-19 as not being a modification to the lease) discounts from rents were recognised, on the item "Other Supplies and external services", in the amount of approximately 7.7 million euros and 7.8 million euros, respectively.

36. PROVISIONS AND ADJUSTMENTS

In the financial years ended on 31 December 2020 and 2021, these items were composed as follows:

	4º QUARTER 20	12M 20	4º QUARTER 21	12M 21
Provisions (Note 26)	493	(3,687)	2,102	776
Impairment of account receivables - trade (Note 18)	3,968	14,672	3,151	8,730
Impairment of account receivables - others (Note 13)	166	509	8	183
Others	8	(1)	1	(10)
	4,635	**11,493**	**5,262**	**9,679**

37. LOSSES / (GAINS) OF AFFILIATED COMPANIES, NET

In the financial years ended on 31 December 2020 and 2021, this item was composed as follows:

	4º QUARTER 20	12M 20	4º QUARTER 21	12M 21
EQUITY METHOD (NOTE 12))				
Sport TV	2,274	1,421	-	1,075
Dreamia	286	2	549	379
Finstar	(1,338)	(263)	570	(4,874)
Mstar	74	(509)	(24)	(340)
Upstar	59	20	7	(11)
Dualgrid	-	-	(10)	(10)
Others	31	44	(14)	3
	1,386	**715**	**1,078**	**(3,778)**
OTHERS i)	**(1,415)**	**8,384**	**62**	**177**
	(29)	**9,099**	**1,140**	**(3,601)**

i) During the financial year ended on 31 December 2020, as a result of the estimated negative impacts with the spread of the new coronavirus COVID-19 (Note 50.1), namely, a significant drop in revenue related to premium sports channels, an impairment for the financial investment of Sport TV in the amount of 3.1 million euros (Note 12) was recognised. Additionally, also taking into account the estimated negative impacts with the spread of the new coronavirus COVID-19 (Note 50.1), and the destabilization of the Angolan economy with the drop in oil demand and prices, impairments were recognised for the value of dividends and other accounts receivable from the Angolan subsidiary Finstar, in the amount of 5.5 million euros (Notes 13 and 18).

38. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

In the financial years ended on 31 December 2020 and 2021, this item was composed as follows:

	4º QUARTER 20	12M 20	4º QUARTER 21	12M 21
TANGIBLE ASSETS				
Buildings and other constructions	31	5,851	14,981	15,398
Basic equipment	44,342	156,000	26,816	153,859
Transportation equipment	1	3	-	1
Tools and dies	19	53	16	60
Administrative equipment	1,114	4,526	1,022	4,267
Other tangible assets	38	470	75	372
	45,545	**166,903**	**42,910**	**173,957**
INTANGIBLE ASSETS				
Industrial property and other rights	21,189	87,544	23,181	84,904
	21,189	**87,544**	**23,181**	**84,904**
CONTRACT COSTS				
Contract costs	24,633	99,316	24,472	98,405
	24,633	**99,316**	**24,472**	**98,405**
RIGHTS OF USE				
Rights of use	13,226	56,063	16,096	62,185
	13,226	**56,063**	**16,096**	**62,185**
INVESTIMENT PROPERTY				
Investment property	4	16	4	16
	4	**16**	**4**	**16**
	104,597	**409,842**	**106,663**	**419,467**

39. RESTRUCTURING COSTS

In the financial years ended on 31 December 2020 and 2021, this item was composed as follows:

	4º QUARTER 20	12M 20	4º QUARTER 21	12M 21
Personnel compensation (Note 26)	963	5,066	1,723	8,224
Personnel costs related to non-recurrent projects	70	457	76	315
	1,033	**5,523**	**1,799**	**8,539**

40. OTHER LOSSES / (GAINS) NON-RECURRENT, NET

In the financial years ended on 31 December 2020 and 2021, the other non-recurring costs / (gains) was composed as follows:

	4º QUARTER 20	12M 20	4º QUARTER 21	12M 21
COSTS:				
Losses resulting from COVID-19 impacts (Note 48) i)	267	42,932	-	-
Others	869	7,864	388	1,279
TOTAL	**1,136**	**50,796**	**388**	**1,279**

i) In the financial year ended on 31 December 2020, as a direct consequence of the slowdown in the Portuguese economy due to the measures adopted to combat the new coronavirus COVID-19, the company recognised the following extraordinary expenses:

   a. reinforcement of expected credit losses from accounts receivable, in the amount of approximately 21.2 million euros, resulting from the incorporation, in the projection model of future collections, of the new projections released by the Bank of Portugal for the macroeconomic indicators for the next 3 years, and identification of customers particularly affected by the current crisis, namely, in the cinema business;

   b. recognition of expected credit losses from all penalties billed to customers and not provisioned, in the amount of approximately 7.0 million euros, as a consequence of the foreseeable sharp reduction in their collection;

   c. loss recognition for onerous contracts related to premium sports content, in the amount of 10.8 million euros;

   d. and losses related to the acquisition of various security materials to combat the spread of the new coronavirus COVID-19, in the amount of approximately 3.9 million euros.

In Note 50.1 additional disclosures about the impacts arising from COVID-19 are presented.

41. FINANCING COSTS AND OTHER FINANCIALS EXPENSES / (INCOME), NET

In the financial years ended on 31 December 2020 and 2021, financing costs and other financial expenses / (income) were composed as follows:

	4º QUARTER 20	12M 20	4º QUARTER 21	12M 21
FINANCING COSTS:				
INTEREST EXPENSE:				
Borrowings	2,718	11,000	2,430	10,061
Finance leases	6,697	11,483	6,296	25,602
Derivatives	16	71	17	65
Others	510	2,753	1,252	1,984
	9,941	**25,307**	**9,995**	**37,712**
INTEREST EARNED	**(1,033)**	**(3,089)**	**(823)**	**(3,594)**
	8,908	**22,218**	**9,172**	**34,118**
NET OTHER FINANCIAL EXPENSES / (INCOME):				
Comissions and guarantees	774	3,156	566	2,566
Others	307	658	172	557
	1,081	**3,814**	**738**	**3,123**

Interest earned mainly corresponds to default interests charged to customers.

The interest increase related with leases results, essentially, from the agreement celebrated with Cellnex (Note 49).

42. NET EARNINGS PER SHARE

Earnings per share for the financial years ended on 31 December 2020 and 2021 were calculated as follow:

	4º QUARTER 20	12M 20	4º QUARTER 21	12M 21
Consolidated net income attributable to shareholders	12,879	92,000	24,138	144,159
Number of ordinary shares outstanding during the period (weighted average)	511,736,626	512,503,200	512,158,953	512,096,301
Basic earnings per share - euros	0.03	0.18	0.05	0.28
Diluted earnings per share - euros	0.03	0.18	0.05	0.28

	4º QUARTER 20	12M 20	4º QUARTER 21	12M 21
Consolidated net income attributable to shareholders	12,879	85,593	24,138	144,159
Number of ordinary shares outstanding during the period (weighted average)	511,736,626	512,503,200	512,158,953	512,096,301
Basic earnings per share - euros	0.03	0.17	0.05	0.28
Diluted earnings per share - euros	0.03	0.17	0.05	0.28

In the above periods, there were no diluting effects on net earnings per share, so the diluted earnings per share are equal to the basic earnings per share.

43. GUARANTEES AND FINANCIAL UNDERTAKINGS

43.1 Guarantees

At 31 December 2020 and 2021, the Group had furnished sureties, guarantees, and comfort letters in favour of third parties corresponding to the following situations:

	31-12-2020	31-12-2021
Tax authorities i)	35,242	33,034
ANACOM ii)	15,000	-
Others iii)	10,814	11,695
	61,056	**44,729**

i) At 31 December 2020 and 2021, this amount relates to guarantees demanded by the tax authorities in connection with tax proceedings contested by the Company and its subsidiaries (Note 46).

ii) At 31 December 2020, this amount relates to contracted guarantees for the 5G auction.

iii) At 31 December 2020 and 2021, this amount mainly relates to guarantees provided in connection with Municipal Wayleave Tax proceedings and guarantees provided to cinema owners, and bank guarantees given to providers of satellite capacity renting services.

In connection with the finance obtained by Upstar from Banco Comercial Português, totalling 10 million euros, NOS signed a promissory note, proportional to the participation held, of 30% of the loan.

During the first quarterly of 2015, 2016, 2017 and 2018, and following the settlement notes to CLSU 2007-2009, 2010-2011, 2012-2013 and 2014, respectively, NOS constituted guarantees in favour of the Universal Service Compensation Fund in the amount of 23.6 million euros, 16.7 million euros, 17.5 million euros and 3.0 million euros, respectively, in order to prevent the introduction of tax enforcement proceedings in order to enforce recovery of the amounts paid.

In addition to the guarantees required by the tax authorities, sureties were set up for the current fiscal processes, which NOS was a surety for NOS SA for an amount of 14.1 million euros.

43.2 Other undertakings

Covenants

Of the loans obtained, in addition to being subject to the Group complying with its operating, legal and fiscal obligations, 100% are subject to cross-default, Pari Passu and Negative Pledge clauses and 87% to ownership clauses.

In addition, approximately 20% of the total loans obtained require that the consolidated net financial debt does not exceed 3 times consolidated EBITDA after leasing payment, approximately 4% of the total loans obtained require that the consolidated net financial debt does not exceed 3.5 times consolidated EBITDA after leasing payment, approximately 2% of the total loans obtained require that the consolidated net financial debt does not exceed 4 times consolidated EBITDA after leasing payment and approximately 12% require that the consolidated net financial debt does not exceed 5 times consolidated EBITDA.

Net Financial Debt = Loans - Leasings - Cash and Cash Equivalents

EBITDA = Operational Result + Depreciation, amortisation and impairment losses + restructuring costs + Losses / (gains) on sale of assets + Other losses / (gains) non-recurrent

EBITDA after leasing payments = EBITDA - Leasing payments (Capital 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.

During the year of 2016, NOS SA has signed contracts regarding the television rights of home senior team football games with the following sports clubs:

1) C. D. Tondela – Futebol, SDUQ, Lda
2) Clube Futebol União da Madeira, Futebol, SAD
3) Grupo Desportivo de Chaves – Futebol, SAD
4) Sporting Clube da Covilhã – Futebol, SDUQ, Lda
5) Clube Desportivo Feirense – Futebol, SAD
6) Sport Clube de Freamunde – Futebol, SAD
7) Sporting Clube Olhanense – Futebol, SAD
8) Futebol Clube de Penafiel, SDUQ, Lda
9) Portimonense Futebol, SAD

The contracts began in the 2019/2020 sports season and last up to 3 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	2021/22	FOLLOWING
Estimated cash-flows with the contract signed by NOS with the sports entities*	123.8 M€	629.3 M€
NOS estimated cash-flows for the contracts signed by NOS (net amounts charged to the operators) and for the contracts signed by the remaining operators	52.1 M€	336.2 M€

* Includes direct broadcasts of games and channels, advertising and others

Considering that, following the celebrated agreements with the remaining operators, the risks and benefits associated to contracts with teams are shared amongst the operators, the agreement was considered a collaborative agreement. For this reason, the revenue (with operators) is compensated with the expenses with teams.

Network sharing contract with Vodafone

NOS and Vodafone Portugal celebrated on 29 September 2017 an agreement of infrastructure development and sharing with a nationwide scope. This partnership allows the two Operators providing their commercial offers under a shared network at the beginning of 2018.

The agreement covers the reciprocal sharing of dark fibre in approximately 2.6 million of homes in which each of the entities shares with the other one an equivalent investment value, in other words, they share similar goods. It is assumed that both companies retain full autonomy, independence, and confidentiality concerning the design of the commercial offers, the management of the customers' database and the choice of technological solutions they might decide to implement, that did not originate any impact on the consolidated financial statements (according to IAS 16, this exchange of similar non-monetary assets will be presented on a net basis).

The partnership has also been extended to mobile infrastructure sharing where it is agreed a minimum sharing of 200 mobile towers.

Celebrated agreements regarding the sharing of mobile network support infrastructure

On 22 October 2020, NOS Comunicações S.A. and NOS Technology, on the one hand, and Vodafone Portugal, Comunicações Pessoais, S.A., on the other hand, celebrated a set of agreements regarding the sharing of mobile network support infrastructure (passive infrastructures such as towers and poles) and activemobile network elements (active radio equipment such as antennas, amplifiers and remaining equipment).These agreements have the following characteristics:

a) the agreements have a nationwide scope with diverse geographical application according to the higher or lower level of population density. In higher density geographies, typically larger urban areas, the parties will pursue synergies by sharing

support infrastructure. In lower density areas, typically rural and interior locations, in addition to shared use of support infrastructure, the parties will also share active mobile network.

b) the agreements focus on assets currently held, or that may be held by each party in the future, and on existing 2G, 3G and 4G technology. Incorporation of 5G technology in these agreements will depend on each to deploy this technology.

c) the agreements do not encompass spectrum sharing between the operators and each party will maintain exclusive strategic control of its networks, thus ensuring full competitive, strategic and commercial independence and the ability to differentiate in terms of customer service and provision.

Each party retains the ability to develop its mobile communications network independently.

These agreements will enable NOS to invest more efficiently by capturing value through synergies. NOS will also be able to deploy its mobile network faster and in a more environmentally responsible way, thus benefitting customers and remaining stakeholders.

Sharing of mobile infrastructure represents an important contribution towards greater geographical cohesion and digital inclusion, both of which are essential to the sustainable development of the country.

44. NOTES TO THE CASH FLOW STATEMENT

The statement of cash flows has been prepared in accordance with the provision of IAS 7, with the following points to note:

44.1 Cash receipts resulting from financial investments

This item was composed as follows:

	12M 20	12M 21
Disposal NOS International Carrier Services	2,103	1,072
	2,103	**1,072**

44.2 Cash payments resulting from financial investments

This item was composed as follows:

	12M 20	12M 21
Fundo Tech Transfer	118	419
Reckon.Ai	-	250
Seems Possible	-	800
Dualgrid - Gestão de Redes Partilhas	25	-
	143	**1,469**

44.3 Earnings per share

This item was composed as follows:

	12M 20	12M 21
NOS SGPS	142,516	142,376
	142,516	**142,376**

44.4 Borrowings

This item presents, by net value, the reimbursements, and respective monthly issue renewals of commercial paper programs.

45. RELATED PARTIES

45.1 Balances and transactions between related parties

Transactions and balances between NOS and companies of the NOS Group were eliminated in the consolidation process and are not subject to disclosure in this note.

The balances at 31 December 2020 and 2021 and transactions in the financial years ended on 31 December 2020 and 2021 between NOS Group and its associated companies, joint ventures and other related parties are as follows:

Balances at 31 December 2020

	BALANCES AT 31 DECEMBER 2020		
	ACCOUNTS RECEIVABLES AND PREPAID EXPENSES	ACCOUNTS PAYABLE AND DEFERRED INCOME	BORROWINGS
ASSOCIATED COMPANIES	**24,334**	**14,707**	**-**
Big Picture 2 Films	16	28	-
Sport TV	24,318	14,679	-
JOINTLY CONTROLLED COMPANIES	**13,235**	**2,561**	**2,917**
Dreamia Holding BV	86	-	2,907
Dreamia SA	1,819	899	10
Finstar	9,510	71	-
Mstar	10	-	-
Upstar	873	1,449	-
ZAP Media	937	142	-
OTHER RELATED PARTIES	**10,255**	**3,562**	**-**
Digitmarket-Sistemas de Informação,SA	819	563	-
Banco BIC Português, S.A.	199	-	-
MDS Corretor de Seguros, SA	110	-	-
Modelo Continente Hipermercados,SA	1,550	48	-
S21SEC Portug-Cyber Security Services,SA	264	539	-
SC-Consultadoria,SA	168	-	-
SFS, Gestão e Consultoria, S.A.	1	223	-
Sierra Portugal, SA	489	(5)	-
Sonae MC – Serviços Partilhados, SA	1,373	-	-
UNITEL S.a.r.l.	2,364	1,853	-
Worten-Equipamento para o Lar,SA	1,165	135	-
Other related parties	1,753	206	-
	47,824	**20,830**	**2,917**

Transactions in the financial year ended on 31 December 2020

	31/12/2020			
	SERVICES RENDERED	SUPPLIES AND EXTERNAL SERVICES	INTEREST GAINS	INTEREST LOSSES
ASSOCIATED COMPANIES	**2,137**	**3,554**	**-**	**-**
Big Picture 2 Films	78	1,391	-	-
Sport TV	2,059	2,163	-	-
JOINTLY CONTROLLED COMPANIES	**14,408**	**361**	**80**	**-**
Dreamia Holding BV	-	-	70	-
Dreamia SA	3,871	(14)	10	-
Finstar	9,546	250	-	-
MSTAR	9	-	-	-
Upstar	717	125	-	-
ZAP Media	265	0	-	-
OTHER RELATED PARTIES	**23,993**	**13,557**	**-**	**54**
Aqualuz Tróia-Expl.Hoteleira e Imob., SA	116	-	-	-
Banco BIC Português, S.A.	1,779	-	-	-
BPI	700	-	-	-
Capwatt Services, SA	109	-	-	-
Cascaishopping- Centro Comercial, S.A.	20	421	-	-
Centro Colombo- Centro Comercial, S.A.	25	1,035	-	-
Centro Vasco da Gama-Centro Comercial,SA	21	538	-	-
Continente Hipermercados, S.A.	386	32	-	-
Digitmarket-Sistemas de Informação,SA	30	6,061	-	-
EFACEC Engenharia e Sistemas	41	1,507	-	-
EFACEC Serviços Corporativos	1,314	-	-	-
Gaiashopping I- Centro Comercial, S.A.	17	216	-	-
Insco Insular de Hipermercados, S.A.	185	38	-	-
MDS Corretor de Seguros, SA	886	-	-	-
Modalfa-Comércio e Serviços,SA	259	-	-	-
Modelo - Dist.de Mat. de Construção,S.A.	138	-	-	-
Modelo Continente Hipermercados,SA	4,374	76	-	-
Norteshopping-Centro Comercial, S.A.	27	(1,782)	-	-
PHARMACONTINENTE - Saúde e Higiene, S.A.	312	-	-	-
Público - Comunicação Social, SA	129	5	-	-
S21SEC Portug-Cyber Security Services,SA	50	2,395	-	-
SC-Consultadoria,SA	944	-	-	-
SDSR - Sports Division SR, S.A.	273	-	-	-
SFS - Financial Services, IME, S.A.	141	-	-	-
SFS, Gestão e Consultoria, S.A.	7	399	-	-
Sierra Portugal, SA	2,407	91	-	-
Solinca - Health & Fitness, SA	331	-	-	-
Sonae Arauco Portugal, S.A.	358	-	-	-
Sonae MC – Serviços Partilhados, SA	3,393	-	-	-
Sonaecom - Serviços Partilhados, S.A	102	-	-	-
Unitel S.a.r.l.	185	153	-	-
Unitel T +	(164)	311	-	-
Worten-Equipamento para o Lar,SA	3,250	1,238	-	-
Zippy - Comércio e Distribuição, SA	108	-	-	-
Other related parties	1,740	823	-	54
	40,538	**17,472**	**80**	**54**

Balances at 31 December 2021

	BALANCES AT 31 DECEMBER 2021		
	ACCOUNTS RECEIVABLES AND PREPAID EXPENSES	ACCOUNTS PAYABLE AND DEFERRED INCOME	BORROWINGS
ASSOCIATED COMPANIES	**24,273**	**13,574**	**-**
Big Picture 2 Films	8	1,287	-
Sport TV	24,265	12,287	-
JOINTLY CONTROLLED COMPANIES	**11,261**	**1,149**	**3,004**
Dreamia Holding BV	88	-	2,993
Dreamia SA	1,335	500	10
Finstar	9,214	66	-
Upstar	449	383	-
ZAP Media	142	142	-
DUALGRID	32	58	-
OTHER RELATED PARTIES	**8,037**	**4,209**	**-**
Banco BIC Português, S.A.	209	0	-
Cascaishopping- Centro Comercial, S.A.	217	271	-
Centro Colombo Centro Comercial, SA	487	682	-
Centro Vasco da Gama-Centro Comercial,SA	367	723	-
Continente Hipermercados, SA	102	1	-
Fashion Division, S.A.	135	-	-
MDS Corretor de Seguros, SA	109	-	-
Modelo Continente Hipermercados,SA	1,180	35	-
Norteshopping-Centro Comercial, S.A.	186	623	-
S21SEC Portug-Cyber Security Services,SA	119	1,136	-
SC-Consultadoria,SA	174	-	-
Sierra Portugal, SA	425	(4)	-
Sonae MC – Serviços Partilhados, SA	1,080	-	-
UNITEL S.a.r.l.	112	255	-
Worten-Equipamento para o Lar,SA	1,842	370	-
Other related parties	1,294	117	-
	43,571	**18,932**	**3,004**

Transactions in the financial year ended on 31 December 2021

	31/12/2021			
	SERVICES RENDERED	SUPPLIES AND EXTERNAL SERVICES	INTEREST GAINS	INTEREST LOSSES
ASSOCIATED COMPANIES	**2,323**	**14,728**	**-**	**-**
Big Picture 2 Films	13	1,682	-	-
Sport TV	2,310	13,046	-	-
JOINTLY CONTROLLED COMPANIES	**11,660**	**(42)**	**89**	**-**
Dreamia Holding BV	-	-	88	-
Dreamia SA	3,989	(307)	1	-
Finstar	7,367	(1)	-	-
MSTAR	(2)	-	-	-
Upstar	307	66	-	-
ZAP Media	0	200	-	-
OUTRAS PARTES RELACIONADAS	**25,577**	**13,955**	**-**	**4**
Adira - Metal Forming Solutions, S.A.	103	-	-	-
Banco Bic Português, S.A.	1,798	-	-	-
Capwatt Services, SA	139	-	-	-
Cascaishopping- Centro Comercial, S.A.	13	557	-	-
Centro Colombo- Centro Comercial, S.A.	18	1,465	-	-
Centro Vasco da Gama-Centro Comercial,SA	30	918	-	-
Continente Hipermercados, S.A.	485	28	-	-
Digitmarket-Sistemas de Informação,SA	(114)	1,397	-	-
Fashion Division, S.A.	175	-	-	-
Gaiashopping I- Centro Comercial, S.A.	20	203	-	-
Insco Insular de Hipermercados, S.A.	188	40	-	-
Maiashopping- Centro Comercial, S.A.	9	174	-	-
MDS Corretor de Seguros, SA	1,147	-	-	-
Modalfa-Comércio e Serviços,SA	335	-	-	-
Modelo Continente Hipermercados,SA	5,669	146	-	-
Modelo - Dist.de Mat. de Construção,S.A.	139	-	-	-
Norteshopping-Centro Comercial, S.A.	23	1,092	-	-
Olivedesportos- Publicidade Televisão e Media SA	15	3,326	-	-
PHARMACONTINENTE - Saúde e Higiene, S.A.	359	-	-	-
Público - Comunicação Social, SA	131	-	-	-
S21SEC Portug-Cyber Security Services,SA	47	2,472	-	-
SC-Consultadoria,SA	904	-	-	-
SDSR - Sports Division SR, S.A.	209	-	-	-
SFS, Gestão e Consultoria, S.A.	12	-	-	-
Sierra Portugal, SA	2,209	101	-	-
Solinca Classic, S.A.	253	-	-	-
Sonae Arauco Portugal, S.A.	288	-	-	-
Sonaecom - Serviços Partilhados, S.A	153	-	-	-
Sonae MC – Serviços Partilhados, SA	3,803	-	-	-
UNITEL S.a.r.l.	205	66	-	-
Universo, IME, S.A.	241	356	-	-
Worten-Equipamento para o Lar,SA	4,821	775	-	-
ZIPPY - Comércio e Distribuição, SA	165	-	-	-
Outras partes relacionadas	1,584	839	-	4
	39,561	**28,641**	**89**	**4**

The Company regularly performs transactions and signs contracts with several parties within the NOS Group. Such transactions were performed on normal market terms for similar transactions, as part of the contracting companies' current activity.

Due to the large number of low value related parties' balances and transactions, it was grouped in the heading "Other related parties" the balances and transactions with entities whose amounts are less than 100 thousand euros.

45.2 Remuneration of key management members

Remuneration paid to managers and other key members of NOS Management (Managers) for the financial years ended on 31 December 2020 and 2021 were as follows:

	12M 20	12M 21
Compensation	3,222	3,246
Profits sharing / Bonus	1,243	1,290
Share plans and Saving Plan Shares	1,045	1,290
	5,510	**5,825**

The amounts shown in the table were calculated on an accruals basis for Compensation and Profit sharing / Bonus (short-term remuneration). The value for the Action Plans and Savings Plan Shares corresponds to the amount to be allocated in 2022 on the performance of 2021 (awarded in 2021, on the performance in 2020). The average number of key members of management in 2021 is 17 (16,5 in 2020).

The Corporate Governance Report includes detailed information on the NOS remuneration policy.

The Company considers Leaders members of the Board of Directors.

45.3 Fees and auditors' services

Information concerning fees and services rendered by auditors is described on note 47 of the Corporate Governance Report.

46. LEGAL ACTIONS AND CONTINGENT ASSETS AND LIABILITIES

46.1 Legal actions with regulators and Competition Authority (AdC)

- NOS SA, NOS Açores and NOS Madeira brought actions for judicial review of ANACOM's decisions in respect of the payment of the Annual Fee of Activity (for 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019 and 2020) 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.

  The settlement amounts are, respectively, as follows:

  — NOS SA: 2009: 1,861 thousand euros, 2010: 3,808 thousand euros, 2011: 6,049 thousand euros, 2012: 6,283 thousand euros, 2013: 7,270 thousand euros, 2014: 7,426 thousand euros, 2015: 7,253 thousand euros, 2016: 8,242

thousand euros, 2017: 9,099 thousand euros, 2018: 10,303 thousand euros, 2019: 10,169 thousand euros and 2020: 10,184 thousand euros;

— NOS Açores: 2009: 29 thousand euros, 2010: 60 thousand euros, 2011: 95 thousand euros, 2012: 95 thousand euros, 2013: 104 thousand euros, 2014: 107 thousand euros, 2015: 98 thousand euros, 2016: 105 thousand euros, 2017: 104 thousand euros, 2018: 111 thousand euros, 2019: 107 thousand euros and 2020: 120 thousand euros;

— NOS Madeira: 2009: 40 thousand euros, 2010: 83 thousand euros, 2011: 130 thousand euros, 2012: 132 thousand euros, 2013: 149 thousand euros, 2014:165 thousand euros, 2015: 161 thousand euros, 2016: 177 thousand euros, 2017: 187 thousand euros, 2018: 205 thousand euros, 2019: 195 thousand euros and 2020: 202 thousand euros;

— NOS Wholesale: 2020: 36 thousand euros.

This fee is a percentage decided annually by ANACOM (in 2009 it was 0.5826%) of operators' electronic communications revenues. NOS SA, NOS Açores and NOS Madeira claim, namely: i) addition to defects of unconstitutionality and illegality, related to the inclusion in the cost accounting of ANACOM of the provisions made by the latter, due to judicial proceedings against the latter (including these appeals of the activity rate) and ii) that only revenues from the electronic communications business per se, subject to regulation by ANACOM, should be considered for the purposes of the application of the percentage and the calculation of the fee payable, and that revenues from television content should be excluded. Five sentences were handed down on the matter, of which ANACOM appealed to the Central Administrative Court. To date, no judgment has been issued by the TCA in any of these cases.

The remaining proceedings are awaiting trial and/or decision.

- During the first quarter of 2017, NOS was notified by ANACOM of the initiation of an infraction process related to communications of prices update at the end of 2016, beginning of 2017. In the end of the last trimester of 2020, ANACOM notified NOS of the accusation, with the practice of 4 very severe offences and 1 severe offence related, respectively, with i) the non-communication to customers of the right to rescind the contract with no charges, with (ii and iii) the supposed non-communication of pricing update and with (iv) the adequate advance and, yet, (v) the lack of information to be communicated to ANACOM. However, ANACOM did not present any value for a fine, except in relation to the with severe offence. In this case, NOS is given the possibility to settle the fine by the minimum, in the amount of 13 thousand euros, which NOS did. NOS presented its written defense on 29 January 2021. The Group is awaiting for ANACOM to deliver a final decision.

- 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 defence and after its presentation, can the AdC decide on a conviction or acquittal, being the Board of Directors' conviction, taking into account the elements it knows, that will be able to demonstrate the various arguments in favour of its defence.

- 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 defence. 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 defence.

46.2 Administração fiscal

During the course of the 2003 to 2021 financial years, some companies of the NOS Group were the subject of tax inspections for the 2001 to 2020 financial years. Following these inspections, NOS SGPS, as the controlling company of the Tax Group, and companies not covered by Tax Group, were notified of the corrections made to the Group's tax losses, to VAT and stamp tax and to make the payments related to the corrections made to the above exercises. The total amount of the notifications unpaid is about 36 million euros, added interest, and charges. These settlement notes, which totally were contested, are the respective lawsuits in progress.

Based on the advice obtained from the process representatives and tax consultants, the Board of Directors maintains the belief in a favourable outcome, which is why these proceedings are maintained in court. However, in accordance with the principle of prudence, an assessment of the group's level of exposure to these proceedings is made periodically, in the light of the evolution of case law, and consequently the provisions recorded for this purpose are adjusted. The Group provided the guarantees demanded by the Tax Authorities, related to these processes, according reference in Note 43.

46.3 Actions by MEO against NOS SA, NOS Madeira and NOS Açores and by NOS SA against MEO

In 2011, MEO brought against NOS SA, in the Judicial Court of Lisbon, a claim for the compensation of 10.3 million of Euros, as compensation for alleged unauthorized portability of NOS SA in the period between March 2009 and July 2011. NOS SA contested, and the Court ordered an expert opinion, meanwhile, deemed without effect. The discussion and trial hearing took place at the end of April and beginning of May 2016, and a judgment was rendered in September of the same year, which considered the action to be partially justified, based not on the occurrence of improper portability, which the Court has determined to restrict itself to those which do not

correspond to the will of the proprietor. In that regard, it sentenced NOS to the payment of approximately 5.3 million euros to MEO, a decision of which NOS appealed to the Lisbon Court of Appeal. MEO, on the other hand, was satisfied with the decision and did not appeal against the part of the sentence that acquitted NOS. This Court, in the first quarter of 2018, upheld the decision of the Court of First Instance, except for interests, in which it gave reason to the claims of NOS, in the sense that interests should be counted from the citation to the action and not from the due date of the invoices. NOS filed an extraordinary appeal with the Supreme Court of Justice (SCJ), that appeal which found that the facts established by the Lower Courts were insufficient to resolve on the substance of the case. Consequently, the SCJ ordered that the court under appeal should amplify the facts. The case was transferred to the Court of First Instance for the extension of the facts. In November 2019, the Court of First Instance granted the parties the possibility of requesting the production of supplementary evidence on the subject of the extension, with NOS requesting an expert examination and the repetition of testimonial evidence. In February 2020, the Court considered that the expansion of the matter of fact leads to the need to obtain new evidence, which requires the analysis of the information relating to all portabilities that serve as the basis for the process, determining the carrying out of expert evidence for that purpose. The appointment of the expert occurred on October 2021, and the expected date for completion of the diligence is unknown.

In 2011, NOS SA brought an action in Lisbon Judicial Court against MEO, claiming payment of 22.4 million euros, for damages suffered by NOS SA, arising from violations of the Portability Regulation by MEO, in particular, the large number of unjustified refusals of portability requests by MEO in the period between February 2008 and February 2011. The court declared the performance of expert evidence of technical nature and an economic-financial survey, which were completed in June 2018. MEO argued for the nullity of the expert economic-financial report, which was deferred. In October 2020, an attempt was made to reconcile. Since the parties did not reach conciliation, the trial was scheduled, which took place at the end of 2021 and which has closing arguments scheduled for the first quarter of 2022. It is the understanding of the Board of Directors, corroborated by the attorneys accompanying the process, that it is, in formal and substantive terms, likely that NOS SA will be able to win the lawsuit, due to MEO already having been convicted for the same offences by ANACOM.

46.4 Action brought by DECO

In March 2018, NOS was notified of a lawsuit brought by DECO against NOS, MEO and NOWO, in which a declaration of nullity of the obligation to pay the price increases imposed on customers at the end of 2016 is requested. In April and May 2018, the operators, including NOS, lodged a defence. The action's value has been fixed at EUR 60,000. Initially, a prior hearing was scheduled for October 8, 2019, which was then cancelled due to the judge declaring himself unable to hear the case. The process has already been redistributed and the prior hearing took place on 10 September 2020. We are still awaiting for the scheduling of trial sessions. The Board of Directors is convinced that the arguments used by the author are not justified, which is why it is believed that the outcome of the proceeding should not result in significant impacts for the Group's financial statements.

46.5 Interconnection tariffs

At 31 December 2021, accounts receivable and accounts payable include 37,139,253 euros and 43,475,093 euros, respectively, resulting from a dispute between the subsidiary NOS SA and, essentially, the operator MEO – Serviços de Comunicação e Multimédia, S.A. (previously named TMN – Telecomunicações Móveis Nacionais, S.A.), in relation to the non-definition of interconnection tariffs of 2001. In what concerns to that dispute with MEO, the result was totally favourable to NOS S.A., having already become final. In March 2021, MEO filed a new lawsuit against NOS, in which it claimed the price of interconnection services between TMN and Optimus for 2001 at 55$00 (€ 0.2743) per minute. The deadline for submitting the challenge by NOS is pending.

47. SHARE INCENTIVE SCHEME

On 23 April 2014, the General Meeting approved the Regulation on Short and Medium-Term Variable Remuneration, which establishes the terms of the Share Incentive Scheme ("NOS Plan"). This plan aimed at more senior employees with the vesting taking place three years being awarded, assuming that the employee is still with the company during that period.

At 31 December 2021, the unvested plans are:

	NUMBER OF SHARES
NOS PLAN	
Plan 2019	761,557
Plan 2020	1,411,601
Plan 2021	1,276,908

During the financial year ended on 31 December 2021, the movements that occurred in the plans are detailed as follows:

	NOS PLAN 2018	NOS PLAN 2019	NOS PLAN 2020	NOS PLAN 2021	TOTAL
BALANCE AS AT 31 DECEMBER 2020:	**912,727**	**784,163**	**1,454,680**	**-**	**3,151,570**
MOVEMENTS IN THE PERIOD:					
Awarded	-	-	-	1,184,127	1,184,127
Vested	(863,266)	(36,954)	(61,998)	(808)	(963,026)
Cancelled / elapsed / corrected (1)	(49,461)	14,348	18,919	93,589	77,395
BALANCE AS AT 31 DECEMBER 2021	**-**	**761,557**	**1,411,601**	**1,276,908**	**3,450,066**

(1) Refers mainly to correction made for dividends paid, exit of employees not entitled to the vesting of shares and other adjustments resulting from the way the shares are vested.

The share plans costs are recognised over the year between the awarding and vesting date of those shares. The responsibility is calculated taking into consideration the share price at award date of each plan, for plans settled in shares, or at the closing date, for plans settled in cash. As at 31 December 2021, the outstanding responsibility related to these plans is 6.123 thousand euros and is recorded in Reserves, for an amount of 4.861 thousand euros, for plans liquidated in shares and in Accrued expenses, for an amount of 1.262 thousand euros, for plans liquidated in cash.

The costs recognised in previous years and in the financial year, and its liabilities are as follows:

	ACCRUED EXPENSES	RESERVES	TOTAL
Costs recognised in previous years related to plans as at 31 December 2020	1,045	5,141	6,186
Costs of plans vested in the period	-	(3,868)	(3,868)
Costs incured in the period and others	217	3,588	3,805
TOTAL COST OF THE PLANS	**1,262**	**4,861**	**6,123**

Exceptionally, in the financial year ended on 31 December of 2021, the plans to be settled in cash in the year, were paid in shares.

48. DISCONTINUED OPERATIONS UNIT

On 1 April 2020, NOS had reached an agreement with Tofane Global, SAS ("TOFANE") and IBASIS PORTUGAL, SA ("iBasis"), to sell all of NOS Internacional Carrier Services, SA's ("NOS ICS") share capital to iBasis, TOFANE's fully owned subsidiary and to supply NOS group companies with wholesale international voice and SMS services, which were previously provided by NOS ICS.

With this transaction NOS will increase its focus on its core telecom business whilst optimizing the underlying cost structure for international voice and SMS traffic.

Completion of this agreement occurred on 29 June 2020. The sale price amounted to 9.6 million euros and the receipt of 5.5 million euros will take place over 5 years. Currently 3.9 million euros are yet to be received (Note 13).

In the financial year ended on 31 December 2020, the contributions to the results of this discontinued operating unit are as follows:

	5M 20
REVENUES:	**51 788**
COSTS, LOSSES AND GAINS:	
Wages and salaries	122
Direct costs	50,864
Supplies and external services	213
Taxes	242
Depreciation, amortisation and impairment losses	3
	51,444
INCOME BEFORE FINANCIAL RESULTS AND TAXES	**344**
Net foreign exchange losses / (gains)	(9)
Net other financial expenses / (income)	1
	(8)
INCOME BEFORE TAXES	**352**
Capital gain on disposal of the discontinued unit	6,151
Income taxes	96
NET CONSOLIDATED INCOME FROM DISCONTINUED OPERATIONS	**6,407**
EARNINGS PER SHARES	
Basic - euros	0,00
Diluted - euros	0,00

In the financial year ended on 31 December 2020, cash flows from operating activities amounted to 2.3 million euros.

In the financial year ended on 31 December 2020, the net cash flows generated from the sale of the company are:

- Cash received for the sale of the company: 4,359 thousand euros
- Cash deducted from debt sold as part of the discontinued operation: 2,256 thousand euros (cash and cash equivalents in the amount of 43 thousand euros and borrowings receivable from the NOS group in the amount of 2,213 thousand euros)
- Net cash inflows on the date of sale: 2,103 thousand euros

49. DISPOSAL OF NOS TOWERING

On 14 April 2020, NOS Comunicações, SA and Cellnex Telecom, SA entered into an agreement whose purpose is to transfer to Cellnex the shares representing the entire share capital of NOS Towering, SA, encompassing the sale of approximately 2,000 sites (towers and rooftops).

On the same date, the parties entered into a long-term agreement to whereby Cellnex will provide the NOS Group with active network hosting over the passive infrastructure acquired, for a period of 15 years,

automatically renewed for equal periods. In addition, this agreement foresees a perimeter increase of up to 400 additional sites over the next 6 years.

The potential value of the agreements to be reached over a 6-year period is 600 million euros, dependent on selling additional sites and changing site settings.

This agreement will enable NOS to continuously optimize and expand its state-of-the-art mobile network, while reinforcing its ability to invest in the long-term value of the company. By joining forces with Cellnex in Portugal, through this strategic partnership, NOS ensures the supply of current and future needs of its passive mobile infrastructure. In addition to this agreement, NOS will continue to pursue other investment efficiency opportunities. The approval of this transaction, which constitutes a sale and lease back, occurred after the date of the statement of financial position.

At 30 September 2020, the operation was materialized with Cellnex payment of 398.6 million euros.
The received value for the sale of NOS Towering decomposes on the following way:

- Assets sale: 374 million euros;
- Cash deducted from the debt sold with the company: 45 million euros;
- Working capital and others: - 20.4 million euros.

The operation of the sale of NOS Towering configures, from an accounting point of view and for the purposes of consolidated accounts, a sale and lease back, on which, the asset under right of use, resulting from the lease, is equal to the carrying amount of the sold asset, so the operation, in the initial moment, did not generate impacts on the results.

50. OTHER MATTERS

50.1 COVID-19

At the end of 2019, the virus, SARS-COV-2, which causes severe respiratory infection, was identified for the first time in humans. During 2020, the disease caused by the virus (COVID-19) was classified by the World Health Organization (WHO) as a pandemic. Since then, several measures have been taken to contain the virus, forcing the world to change its habits, with travel restrictions and closure of several facilities and establishments, with varying levels over these two years, according to the degree of spread and severity perceived by public health experts.

As a result of the population's confinement measures, people and companies were forced to adapt to a new reality, transforming the way they work and the way we socialize.

Given the uncertainties, it is essential that companies design and implement, in a timely manner, structured and efficient contingency plans that guarantee employee protection and business continuity or that, at least, mitigate the resulting effects.

Health and safety risk and business interruption
In this context, from the very first moment, NOS has a permanent COVID-19 Monitoring Office, whose mission is to provide the organization with the necessary conditions to manage this risk, as well as to analyse and monitor the evolution of the different phases. The main objectives of the COVID-19 Monitoring Office are to ensure that NOS, its Companies, its Employees and Partners are prepared to face the COVID-19 Pandemic, in order to:

i. Minimize the health impact to employees and to all those with whom they;

ii. Guarantee business continuity, ensuring the provision of services considered critical, for which it is necessary to certify the availability of key resources - employees, suppliers, agents, partners, etc. - and the need to adapt to the specific requirements of clients.

Liquidity and interest rate risk
Prudent liquidity risk management implies maintaining an adequate level of cash and cash equivalents to meet assumed liabilities, associated with the negotiation of credit lines with financial institutions.

At 31 December 2021, the average maturity of the group's financing is 2.2 years, with no non-compliance with the covenants due to the reduction in results projected for this year, being expected.

Credit risk
Credit risk is essentially related to credit for services provided to customers, monitored on a regular business basis and for which expected credit losses are determined considering: i) the customer's risk profile; ii) the average receipt period; iii) the client's financial condition; and iv) future perspective of the evolution of the collections.

Impacts
The impacts on NOS were felt in the results of the financial year ended on 31 December 2020, with a drop in revenues, consolidated EBITDA and operational cash-flows of -6.2% (-90.5 million euros); -5.7% (-36.8 million euros) and -33.8% (-65.2 million euros), respectively, which shows a reduction in activity in:

i. Cinemas and Audiovisuals: complete closure of NOS' theatres from 16 March 2020 to 2 July 2020, and postponement of a number of movie premieres, slightly offset by cinema rentals negotiations;

ii. Roaming and international calls: traffic and revenues impacted by restrictions imposed on international travel;

iii. Equipment sales: with the closure of shopping centers and travel restrictions, there was a reduction in the sale of mobile phones and equipment, which is partially offset by the increase in online sales (in the long run there may be a positive effect on the evolution customer take-up of digital channels);

iv. Mobile data revenues: quarantine and isolation situations imply an increase in the use of wireless networks, reducing the use of mobile data; and,

v. Drop in revenue related to premium sports during the period when the national championship was suspended and advertising content.

In 2020, taking into account the projections made for the Portuguese economy, projections and estimates

were reassessed, which resulted in the reinforcement, in the first quarter of 2020, of impairments of accounts receivable (28.2 million euros) and other costs recognised, related to onerous contracts (10.8 million euros) (Note 40), as well as the recording of impairments in the item "Losses / (Gains) in subsidiaries", in the amount of 8.6 million euros (Note 37).

In the financial year ended on 31 December of 2021, the impacts on NOS were felt particularly in the Cinemas and Audiovisuals activity with the closure of movie theaters between mid-January 2021 and April 2021 and in the Telco segment with impacts in terms of roaming revenues. At the end of the financial year, with the relief of some physical distancing measures, there was a recovery in film exhibition activity.

Over the 2 years, the cinema segment was the most affected by COVID-19, with an estimated activity recovery to pre-pandemic levels by 2023.

As regards future impact projections, these will depend on the extent, namely timing, of the spread of the virus and its containment measures, maintaining a level of uncertainty on the duration of the crisis and resulting economic impacts, in the knowledge, however, that if it does occur, it will be in the areas identified above. In spite of this uncertainty, and taking into account the most recent projections on the evolution of the pandemic and the Portuguese economy, an improvement in the activity of the various NOS business segments is projected in the coming quarters. Additionally, NOS 'capital structure is within the 2x Net Financial Debt / EBITDA After Leasings Payments (EBITDA - Leasings Payments (Capital and Interest)) threshold, so the Board of Directors believes that the company will overcome the negative impacts caused by this crisis, without jeopardizing business continuity, this conviction is demonstrated with the maintenance of the shareholders' remuneration policy.

50.2 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.

Still in June 2020, the Investigating Judge rejected the third-party embargoes deducted by ZOPT based on the Portuguese courts' inability to assess and decide upon them. This decision, having been appealed by ZOPT, was revoked by the Court of Appeal already in 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. Further developments are awaited.

51. SUBSEQUENT EVENTS

In January 2022, the Public Ministry (MP) with the National Service for the Recovery of Assets of the PGR, on behalf of the Angolan State, requested, in the County Court of Luanda, i) the replacement of the current trustees of Finstar and ZAP companies Media (current Boards of Directors of the companies) (Note 12) by the Ministry of Telecommunications, Information Technologies and Social Communication (MTTICS), as well as, ii) the disqualification of Isabel dos Santos' right to vote, requests that the Court deferred. We await the final decision and the developments of this decision, in order to understand the impacts on the management of the business, being currently a conviction of the Board of Directors of NOS - based on the statements that have been made by the new trustee, the MTTICS — that the activity of companies will continue to develop normally.

Up until this document' date of approval, no other relevant events that are worth being mentioned in this report took place.

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.

52. ANNEXES

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

COMPANY	HEADQUARTERS	PRINCIPAL ACTIVITY	SHARE HOLDER	PERCENTAGE OF OWNERSHIP		
				EFFECTIVE 31-12-2020	DIRECT 31-12-2021	EFFECTIVE 31-12-2021
NOS, SGPS, S.A. (Holding)	Lisbon	Management of investments	-	-	-	-
Fundo de Capital de Risco N5G (a)	Lisbon	Movies exhibition	NOS	100%	100%	100%
Empracine - Empresa Promotora de Atividades Cinematográficas, Lda.	Lisbon	Invest and support the development of companies that aim to commercialize technologies and products that result from scientific and technological research	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 social participations in other companies as an indirect form of economic activity	NOS	100%	100%	100%
NOS Property, S.A.	Luxembourg	Management of investments	NOS	100%	100%	100%
NOS Comunicações, S.A.	Lisbon	Implementation, operation, exploitation and offer of networks and rendering services of electronic comunications and related resources; offer and commercialisation of products and equipments of electronic communications	NOS	100%	100%	100%
NOS Corporate Center, S.A.	Lisbon	Service rendered of business support and management and administration consultancy services, including accounting, logistics, administrative, financial, tax, human resources services and any other services that are subsequent or related to previous activities. The company may also perform any other services. activities that are complementary, subsidiary or ancillary to those referred to in the preceding paragraph, directly or through participation in any other form of association, temporary or permanent, with other companies and / or other entities governed by public or private law.	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 social participations in other companies as an indirect form of economic activity	NOS	100%	100%	100%
NOS Lusomundo Audiovisuais, S.A.	Lisbon	Import, distribution, commercialization and production of audiovisual products	NOS Audiovisuais SGPS	100%	100%	100%
NOS Lusomundo Cinemas , S.A.	Lisbon	Movies exhibition and commercialization of other public events	NOS	100%	100%	100%
NOS Audio - Sales and Distribution, S.A. (c)	Lisbon	Movies distribution, editing, distribution, commercialization and production of audiovisual products	NOS	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	-	100%	100%
NOS TECHNOLOGY – Concepção, Construção e Gestão de Redes de Comunicações, S.A. ('Artis')	Matosinhos	Design, construction, management and exploitation of electronic communications networks and their equipment and infrastructure, management of technologic assets and rendering of related services	NOS Comunicações	100%	100%	100%
NOS Wholesale, S.A.	Lisbon	"Trade, service rendered and exploitation of wholesale offerings of national and international electronic communications services and related services, namely information and communication technology services Rendering of consulting services and support to contract management in roaming business. The organization of the material and human resources necessary for the commercialization, promotion and operation of electronic communications networks and circuits. The company may also perform any other activities that are complementary, subsidiary or ancillary to those referred to in the preceding paragraphs, directly or through participation in any other form of association, temporary or permanent, with other companies and / or other entities governed by public or private law."	NOS	100%	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. (d)	Lisbon	Management of group financing activities	NOS	100%	100%	100%

(a) NOS SGPS: 27,50%; NOS Sistemas: 20,00%; NOS Internacional SGPS: 20,00%; NOS Audiovisuais SGPS: 22,50%; NOS Cinemas: 10,00%
(b) NOS SGPS: 90%; NOS Lusomundo Cinemas: 10%
(c) Company disposed of on 29 June 2020

B) Associated companies

COMPANY	HEADQUARTERS	PRINCIPAL ACTIVITY	SHARE HOLDER	PERCENTAGE OF OWNERSHIP		
				EFFECTIVE 31-12-2020	DIRECT 31-12-2021	EFFECTIVE 31-12-2021
Big Picture 2 Films, S.A.	Oeiras	Import, distribution, commercialization and production of audiovisual products	NOS Audiovisuais	20.00%	20.00%	20.00%
Big Picture Films, S.L.	Madrid	Distribution and commercialization of movies	Big Picture 2 Films, S.A.	20.00%	100.00%	20.00%
Sport TV Portugal, S.A.	Lisbon	Conception, production, realization and commercialization of sports programs for telebroadcasting, purchase and resale of the rights to broadcast sports programs for television and provision of publicity services	NOS	25.00%	25.00%	25.00%

C) Jointly controlled companies

COMPANY	HEADQUARTERS	PRINCIPAL ACTIVITY	SHARE HOLDER	PERCENTAGE OF OWNERSHIP		
				EFFECTIVE 31-12-2020	DIRECT 31-12-2021	EFFECTIVE 31-12-2021
Dreamia Holding B.V. (a)	Amsterdam	Management of investments	NOS Audiovisuais	50.00%	-	-
Dreamia Servicios de Televisión, S.L. (b)	Amsterdam	Management of investments	NOS Audiovisuais	-	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 Holding BV	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 B.V.	30.00%	30.00%	30.00%
MSTAR, SA (c)	Maputo	Distribution of television by satellite, operation of telecommunications services	NOS + NOS Comunicações	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%
Dualgrid - Gestão de Redes Partilhas, 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	NOS Comunicações	50%	50.00%	50.00%

(a) Merged company in Dreamia Servicios de Televisión, S.L.
(b) At 3 October 2020, NOS Lusomundo Audiovisuais acquired 1,500 shares of Dreamia Servicios de Televisión, S.L.
(c) NOS SGPS: 29,40%; NOS Comunicações: 0,60%.

Financial investments whose participation is less than 50% were considered as joint arrangements due to shareholder agreements that confer joint control.

D) Companies in which NOS does not have significant influence

COMPANY	HEADQUARTERS	PRINCIPAL ACTIVITY	SHARE HOLDER	PERCENTAGE OF OWNERSHIP		
				EFFECTIVE 31-12-2020	DIRECT 31-12-2021	EFFECTIVE 31-12-2021
Associação Laboratório Colaborativo em Transformação Digital - DTX	Guimarães	Research applied to different areas associated with digital transformation to encourage cooperation between R&D units, educational institutions and the productive sector	NOS Inovação	4.92%	4.92%	4.92%
Fundo TechTransfer	Lisbon	Invest and support the development of companies that aim to commercialize technologies and products that result from scientific and technological research	NOS Inovação	4.20%	3.90%	3.90%
RK. AI - Serviços de Processamento de Imagens e Análise de Dados, S.A. (Reckon. ai)	Porto	The Company's activities relate to information and computer technologies, images and data processing and analysis, hosting and related activities and IT consulting.	Fundo NOS 5G	0.00%	11.76%	11.76%
Seems Possible, Lda. (Knock Healthcare) (a)	Porto	Data processing activities, information domiciliation and related activities, namely in the health area. Business and management consultancy, namely planning, organization, control, information and management, company reorganization. Compensation strategies for termination of employment relationship. Consultancy on safety and hygiene at work. Design of accounting programs and budget control processes. Development of all types of software. Marketing objectives and policies and human resources management. Sale of medical devices and other health equipment. Services to support the internationalization of plans in health area.	Fundo NOS 5G	0.00%	0.00%	0.00%
Turismo da Samba (Tusal), SARL (b)	Luanda	n.a.	NOS	30.00%	-	-
Filmes Mundáfrica, SARL (b)	Luanda	Movies exhibition	NOS	23.91%	-	-
Companhia de Pesca e Comércio de Angola (Cosal), SARL (b)	Luanda	n.a.	NOS	15.76%	-	-
Lusitânia Vida - Companhia de Seguros, S.A ("Lusitânia Vida")	Lisbon	Insurance services	NOS	0.03%	0.03%	0.03%
Lusitânia - Companhia de Seguros, S.A ("Lusitânia Seguros")	Lisbon	Insurance services	NOS	0.02%	0.02%	0.02%

(a) Derecognized companies in the first quarter of 2021, no impact on the results

INDIVIDUAL FINANCIAL STATEMENTS

03

03

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2020 AND 2021

(Amounts stated in euros)

	NOTES	31-12-2020	31-12-2021
ASSETS			
NON - CURRENT ASSETS			
Tangible assets	6	150,383	151,669
Intangible assets	7	453,890,025	453,888,881
Rights of use	8	249,726	232,545
Financial investments in group companies	9	926,383,949	908,459,449
Accounts receivable	5-10	725,994,584	735,361,135
Available-for-sale financial assets	5-12	12,951	12,951
Deferred income tax assets	13	1,504,828	1,364,765
Derivative financial instruments	5-21	-	105,008
TOTAL NON - CURRENT ASSETS		**2,108,186,446**	**2,099,576,403**
CURRENT ASSETS:			
Accounts receivable	5-10	236,247,473	587,177,076
Tax receivable	11	66,809	80,432
Prepaid expenses	14	117,937	86,563
Cash and cash equivalents	5-15	126,561,238	360,472
TOTAL CURRENT ASSETS		**362,993,457**	**587,704,543**
TOTAL ASSETS		**2,471,179,903**	**2,687,280,946**
SHAREHOLDER'S EQUITY		**2,471,179,903**	
Share capital	16.1	5,151,614	5,151,614
Capital issued premium	16.2	854,218,633	854,218,633
Own shares	16.3	(14,859,452)	(12,353,087)
Legal reserve	16.4	1,030,323	1,030,323
Other reserves and accumulated earnings	16.4	464,841,485	420,980,086
Net income		98,707,111	220,718,915
TOTAL EQUITY		**1,409,089,714**	**1,489,746,484**
LIABILITIES			
NON - CURRENT LIABILITIES			
Borrowings	5-17	854,685,869	806,994,281
Provisions	18	362,934	250,119
Accrued expenses	5-19	959,903	951,891
Deferred income	20	4,730,040	4,230,118
Derivative financial instruments	5-21	654,547	-
Deferred income tax liabilities	13	-	23,627
TOTAL NON - CURRENT LIABILITIES		**861,393,293**	**812,450,036**
CURRENT LIABILITIES:			
Borrowings	5-17	98,625,035	235,142,116
Accounts payable	5-22	97,498,931	140,728,845
Tax payable	11	1,137,464	5,770,946
Accrued expenses	5-19	2,690,031	2,709,601
Deferred income	20	399,309	399,309
Derivative financial instruments	5-21	346,126	333,609
TOTAL CURRENT LIABILITIES		**200,696,896**	**385,084,426**
TOTAL LIABILITIES		1,062,090,189	1,197,534,462
TOTAL LIABILITIES AND SHAREHOLDER´S EQUITY		**2,471,179,903**	**2,687,280,946**

The Notes to the Financial Statements form an integral part of the statement of financial position as at 31 December 2021.

The Chief Accountant

The Board of Directors

STATEMENT OF INCOME BY NATURE

FOR THE FINANCIAL YEARS ENDED ON 31 DECEMBER 2020 AND 20211

(Amounts stated in euros)

	NOTES	2020	2021
REVENUES:			
Services rendered	23	14,984,973	14,215,094
Other operating revenues		5	13,262
		14,984,978	**14,228,356**
COSTS, LOSSES AND GAINS:			
Wages and salaries	24	6,827,781	6,515,095
Marketing and advertising		14,109	9,445
Support services	25	1,292,106	1,334,420
Supplies and external services	25	638,854	631,587
Other operating losses / (gains)	26	148,090	28,798
Taxes		53,957	110,191
Provisions and adjustments		30,703	(96,611)
Depreciation, amortisation and impairment losses	6, 7-8	131,001	145,061
Other losses / (gains) non recurrent	27	88,557	94,567
		9,225,158	**8,772,553**
INCOME BEFORE FINANCIAL RESULTS AND TAXES		**5,759,820**	**5,455,803**
Financial costs / (revenues)	28	(13,242,892)	(10,686,896)
Foreign exchange losses / (gains)		-	7
Losses / (gains) of affiliated companies	29	(84,736,722)	(210,742,144)
Other financial expenses / (income)	28	3,008,483	2,394,921
		(94,971,131)	**(219,034,112)**
INCOME BEFORE TAXES		**100,730,951**	**224,489,915**
Income taxes	13	2,023,840	3,771,000
NET CONSOLIDATED INCOME		**98,707,111**	**220,718,915**
EARNINGS PER SHARES			
Basic - euros	16.6	0.19	0.43
Diluted - euros	16.6	0.19	0.43

The Notes to the Financial Statements form an integral part of the statement of income by nature for the year ended on 31 December 2021.

The Chief Accountant

The Board of Directors

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEARS ENDED ON 31 DECEMBER 2020 AND 2021

(Amounts stated in euros)

	NOTES	2020	2021
NET INCOME		**98,707,111**	**220,718,915**
OTHER INCOME			
ITENS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT			
Fair value of derivative financial investments	21	(149,984)	333,330
OTHER COMPREHENSIVE INCOME		**(149,984)**	**333,330**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**98,557,127**	**221,052,245**

The Notes to the Financial Statements form an integral part of the statement of comprehensive income for the year ended on 31 December 2021.

The Chief Accountant

The Board of Directors

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE FINANCIAL YEARS ENDED ON 31 DECEMBER 2020 AND 2021

(Amounts stated in euros)

	NOTES	SHARE CAPITAL	CAPITAL ISSUED PREMIUM	OWN SHARES	LEGAL RESERVE	OTHER RESERVES AND ACCUMULATED EARNINGS	NET INCOME	TOTAL
BALANCE AS AT JANUARY 2020		**5,151,614**	**854,218,633**	**(14,654,691)**	**1,030,323**	**310,956,004**	**297,101,344**	**1,453,803,227**
Result appropriation								
Transfered to reserves		-	-	-	-	297,101,344	(297,101,344)	-
Dividends paid	16.4	-	-	-	-	(142,515,970)	-	(142,515,970)
Acquisition of own shares	16.3	-	-	(5,721,710)	-	-	-	(5,721,710)
Distribuition of own shares - share plan	16.3	-	-	5,007,140	-	(4,599,469)	-	407,671
Distribuition of own shares - other remunerations	16.3	-	-	509,809	-	(235,135)	-	274,674
Share Plan - Costs incurred i n the year and others		-	-	-	-	4,284,695	-	4,284,695
Comprehensive income for the year		-	-	-	-	(149,984)	98,707,111	98,557,127
BALANCE AS AT DECEMBER 2020		**5,151,614**	**854,218,633**	**(14,859,452)**	**1,030,323**	**464.841.485**	**98,707,111**	**1,409,089,714**
BALANCE AS AT JANUARY 2021		**5,151,614**	**854,218,633**	**(14,859,452)**	**1,030,323**	**464.841.485**	**98,707,111**	**1,409,089,714**
Result appropriation								
Transfered to reserves		-	-	-	-	98,707,111	(98,707,111)	-
Dividends paid	16.4	-	-	-	-	(142,375,697)	-	(142,375,697)
Acquisition of own shares	16.3	-	-	(2,068,592)	-	-	-	(2,068,592)
Distribuition of own shares - share plan	16.3	-	-	3,976,598	-	(3,976,598)	-	-
Distribuition of own shares - other remunerations	16.3	-	-	598,359	-	(138,387)	-	459,972
Share Plan - Costs incurred in the year and others	33	-	-	-	-	3,588,842	-	3,588,842
Comprehensive income for the year		-	-	-	-	333,330	220,718,915	221,052,245
BALANCE AS AT DECEMBER 2021		**5,151,614**	**854,218,633**	**(12,353,087)**	**1,030,323**	**420,980,086**	**220,718,915**	**1,489,746,484**

The Notes to the Financial Statements form an integral part of the statement of changes in shareholders' equity for the year ended on 31 December 2021.

The Chief Accountant

The Board of Directors

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEARS ENDED ON 31 DECEMBER 2020 AND 2021

(Amounts stated in euros)

	NOTES	2020	2021
OPERATING ACTIVITIES			
Collections from clients		22,246,905	14,437,886
Payments to suppliers		(1,738,286)	(1,861,090)
Payments to employees		(5,476,562)	(5,978,957)
Receipts / (payments) relating to income taxes		(9,685,388)	3,726,820
Other cash receipts / (payments) related with operating activities		2,435,673	3,497,190
CASH FLOW FROM OPERATING ACTIVITIES (1)		**7,782,342**	**13,821,849**
INVESTING ACTIVITIES			
CASH RECEIPTS RESULTING FROM			
Financial investments		4,084,239	1,071,609
Loans granted		545,000,000	-
Interest and related income		26,892,088	21,269,092
Dividends		91,207,483	234,870,535
		667,183,810	**257,211,236**
PAYMENTS RESULTING FROM			
Financial investments	9	(57,053,500)	(6,175,500)
Tangible assets		(4,191)	(11,728)
Loans granted		(221,429,221)	(364,236,617)
		(278,486,912)	**(370,423,845)**
CASH FLOW FROM INVESTING ACTIVITIES (2)		**388,696,898**	**(113,212,609)**
FINANCING ACTIVITIES			
CASH RECEIPTS RESULTING FROM			
Borrowings		306,469,210	330,998,869
		306,469,210	**330,998,869**
PAGAMENTOS RESPEITANTES A			
Borrowings		(414,827,135)	(199,833,333)
Lease rentals (principal)		(122,563)	(123,109)
Interest and related expenses		(12,932,218)	(13,426,596)
Dividends	16.4	(142,515,970)	(142,375,697)
Aquisition of own shares	16.3	(5,721,710)	(2,068,592)
		(576,119,596)	**(357,827,327)**
CASH FLOW FROM FINANCING ACTIVITIES (3)		**(269,650,386)**	**(26,828,458)**
Change in cash and cash equivalents (4)=(1)+(2)+(3)		126,828,854	(126,219,218)
Cash and cash equivalents at the beginning of the year		(267,689)	126,561,165
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**126,561,165**	**341,947**
Cash and cash equivalents	15	126,561,238	360,472
Bank overdrafts	17	(73)	(18,525)

The Notes to the Financial Statements form an integral part of the statement of cash flows for the year ended on 31 December 2021.

The Chief Accountant

The Board of Directors

NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2021

(Amounts stated in euros, unless otherwise stated)

1. INTRODUCTORY NOTE

NOS, SGPS, S.A. ("NOS" or "Company"), formerly named ZON OPTIMUS, SGPS, S.A. ("ZON OPTIMUS"), and until 27 August 2013 named ZON Multimédia – Serviços de Telecomunicações e Multimédia, SGPS, S.A. ("ZON"), with Company headquarters registered at Rua Actor António Silva, 9, Campo Grande, was established by Portugal Telecom, SGPS, S.A. ("Portugal Telecom") on 15 July 1999 with the purpose of implementing its multimedia business strategy.

During the 2007 financial year, Portugal Telecom proceeded with the spin-off of ZON through the attribution of its participation in the company to shareholders, which become fully independent from Portugal Telecom.

During the 2013 financial year, ZON and Optimus, SGPS, S.A. ("Optimus SGPS") have merged through the incorporation of Optimus SGPS into ZON. Thereafter, the Company adopted the designation of ZON Optimus, SGPS, S.A..

On 20 June 2014, because of the launch of the new brand "NOS" on 16 May 2014, the General Meeting of Shareholders approved the change of the Company's name to NOS, SGPS, S.A..

The businesses operated by NOS and its associated companies, which together form the "NOS Group" or "Group", which includes cable and satellite television services, voice and Internet access services, video production and sale, advertising on Pay TV channels, cinema exhibition and distribution, and the production of channels for Pay TV and the provision of consultancy services related to information systems.

NOS' shares are listed on the Euronext Lisbon market. The shareholder structure of the Company at 31 December 2021 is shown in Note 16.

NOS Comunicações, S.A. ("NOS SA") and its subsidiaries, NOS Açores, NOS Madeira and NOS Wholesale, activities carry out: 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 Internet Protocol); e) Mobile Virtual Network Operator ("MVNO"), and f) the provision of consultancy and similar services directly or indirectly related to the above mentioned activities and services. The business of these companies is regulated by Law no. 5/2004 (Electronic Communications Law), which establishes the legal regime governing electronic communications networks and services.

The main activity of NOS Audio – Sales and Distribution, S.A., previously designated NOS

Lusomundo TV and the result of the merger of NOSPUB with NOS Lusomundo TV on December 2020, is the negotiation, acquisition and distribution of content rights and other multimedia products to television and other platforms of distribution, currently producing films and series channels through the compilation of the acquired contents, which are distributed, among other operators, by NOS SA and its subsidiaries. This company also manages the advertising space on Pay TV channels and in the cinemas of NOS Cinemas.

NOS Audiovisuais and NOS Cinemas together with their associated companies operate in the audiovisual sector, which includes video production and sale, cinema exhibition and distribution, and the acquisition/negotiation of Pay TV and VOD (video-on-demand) rights.

NOS Sistemas is a company dedicated to datacentre management and consulting services in IT.

NOS Inovação main activities are conducting and stimulating scientific activities of R&D (it owns all the intellectual property developed within the NOS Group, intending to guarantee the return of initial investment through the commercialization of patents and concessions regarding commercial operation, as a result of a creation of new products and services), the demonstration, disclosure, technology and training transfers in the services and information management domains as well as fixed and mobile solutions of the latest generation of TV, internet, voice and data solutions.

These Notes to the Financial Statements follow the order in which the items are shown in the financial statements.

The financial statements relate to the Company on an individual basis and not consolidated were prepared for publication under the commercial legislation in force.

As provided in IFRS, financial investments are stated at acquisition cost. Consequently, the financial statements do not include the effect of the consolidation of assets, liabilities, income and expenses, which will be made in the consolidated statements. The effect of these consolidation consists in an asset increase of 572,115 thousand euros and in a net income and shareholder's equity reduction of 76,560 thousand euros and 526,746 thousands euros, respectively.

The financial statements for the financial year ended on 31 December 2021 were approved by the Board of Directors and their issue authorised on 3 March 2022.

However, they are still subject to approval by the General Meeting of Shareholders in accordance with company law in Portugal. The Board of Directors believes that the financial statements give a true and fair view of the Company's operations, financial performance, and cash flows.

2. 2. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are described below. These policies were consistently applied to all the financial years presented, unless otherwise stated.

2.1 Basis of presentation

The financial statements were prepared in accordance with the International Financial Reporting Standards ("IAS/IFRS") issued by the International Accounting Standards Board ("IASB"), and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") or by the previous Standing Interpretations Committee ("SIC"), adopted by the European Union, in force as at 1 January 2021.

The financial statements are presented in euros as this the main currency of the Company's operations.

The financial statements were prepared on a going concern basis from the ledgers and accounting records of the Company, using the historical cost convention, adjusted when necessary for the valuation of financial assets and liabilities (including derivatives) at their fair value.

In preparing the financial statements in accordance with IFRS, the Board used estimates, assumptions, and critical judgments with impact on the value of assets, liabilities and the recognition of income and costs in each reporting period. Although these estimates were based on the best information available at the date of preparation of the financial statements, current and future results may differ from these estimates. The areas involving a higher element of judgment and estimates or areas when assumptions and estimates are significant to the financial statements are described in Note 4.1.

In the preparation and presentation of the financial statements, NOS declares that it complies explicitly and without reservation with IAS/IFRS reporting standards and related SIC/IFRIC interpretations, approved by the European Union.

Changes in accounting policies and disclosures

The following standards, interpretations, amendments and revisions adopted ("endorsed") by the European Union were mandatory for the first time on the financial year beginning 1 January 2021:

- Amendments to IFRS 4 - Insurance Contracts and Deferral of the application of IFRS 9. This amendment refers to the temporary accounting consequences, which result from the difference between the date of entry into force of IFRS 9 - Financial Instruments and of the future IFRS 17 - Insurance Contracts. Specifically, the amendment made to IFRS 4 postpones, until 1 January 2023, the expiry date of the temporary exemption from the application of IFRS 9, in order to align the effective date of the latter with that of the new IFRS 17.

  The referred temporary exemption is optional and only available to entities whose activities are mainly related to insurance.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2. These amendments are part of the second phase of the IASB's "IBOR reform" project and establish exemptions related to the impact on financial reporting of the change in the IBOR benchmark interest rates, by an alternative interest rate (Risk Free Rate (RFR)). The amendments include the following practical expedients:
  - Contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market interest rate.
  - Allow changes required by IBOR reform to be made

to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary operational relief to entities that have to meet the identifiable requirement separately, when an RFR instrument is designated as a risk component hedge.

- Amendments to IFRS 16 - Leases – Covid-19 related rent concessions beyond 30 June 2021. On 28 May 2020, the amendment to IFRS 16 entitled 'Covid-19-Related Rent Concessions' was issued, introducing the following practical expedient: a lessee may choose not to assess whether a covid-19 related rent concession from a lessor is a lease modification.

- The lessees, who choose to apply this expedient, account for any change in lease payments resulting from the covid-19 related rent concession the same way they would account for the change under IFRS 16, if the change were not a lease modification.

- Initially, the practical expedient applied to payments originally due until 30 June 2021, however, due to the extension of the pandemic impact, on 31 March 2021, it was also extended to payments originally due until 30 June 2022. The change applies to annual reporting periods beginning on or after 1 April 2021.

- In short, the practical expedient can be applied as long as the following criteria are met:
  - the change in lease payments results in a revised remuneration for the lease that is substantially equal to, or less than, the remuneration immediately preceding the change;
  - any reduction in lease payments only affects payments due on or before 30 June 2022;
  - there are no significant changes to other terms and conditions of the lease.

These standards and amendments had no material impact over the Company's financial statements.

The following standards, interpretations, amendments and revisions, with mandatory application in future financial years, were, until the date of approval of these financial statements, adopted ("endorsed") by the European Union:

- Amendments to IFRS 3 – References to the Conceptual Framework for Financial Reporting. Applicable in the European Union for financial years beginning on or after 1 January 2022. This amendment updates references to the Conceptual Framework in the text of IFRS 3, and no changes have been made to the accounting requirements for business activities concentrations. The accounting treatment to be adopted in relation to liabilities and contingent liabilities under IAS 37 and IFRIC 21, incurred separately versus those included in a business activities concentration, is also clarified. The amendment is prospectively applicable.

- Amendments to IAS 16 – Proceeds before intended use. Applicable in the European Union for financial years beginning on or after 1 January 2022. Clarifies the accounting treatment given to the consideration obtained from the sale of products, which results from the production in the testing phase of tangible fixed assets, prohibiting their deduction from the cost of asset acquisition. The entity recognizes the income obtained from the sale of such products and the costs of their production in profit or loss.

- Amendments to IAS 37 – Onerous contracts – Costs of fulfilling a contract. Applicable in the European Union to financial years beginning on or after 1 January 2022. This amendment specifies that in the assessment of whether or not a contract is onerous, only expenses directly related to the performance of the contract can be considered, such as incremental costs related to direct labor and materials and the allocation of other expenses directly related, such as the allocation of depreciation expenses of the tangible assets used to carry out the contract. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. This amendment shall apply to contracts which, at the beginning of the first annual reporting period to which the amendment is applied, still include unfulfilled contractual obligations, without the need to re-express the comparative.

- Amendments to IFRS 1 – Subsidiary as a first-time adopter of IFRS (included in the annual improvements for the 2018-2020 cycle). Applicable in the European Union for financial years beginning on or after 1 January 2022. This improvement clarifies that, when the subsidiary chooses to measure its assets and liabilities at the amounts included in the consolidated financial statements of the parent company (assuming that no adjustment has occurred in the consolidation process), the measurement of accumulated translation differences of all foreign operations can be carried out at the amounts that would be recorded in the consolidated financial statements, based on the date of transition of the parent company to IFRS.

- Amendments to IFRS 9 – Derecognition of financial liabilities – Fees to be included in the "10 percent" variation test (included in the annual improvements for the 2018-2020 cycle). Applicable in the European Union to financial years beginning on or after 1 January 2022. This improvement clarifies which fees an entity should include when assessing whether the terms of a financial liability are materially different from the terms of the original financial liability. This improvement clarifies that in the scope of derecognition tests carried out on renegotiated liabilities, only commissions paid or received between the debtor and creditor should be included, including commissions paid or received by the debtor or creditor on behalf of the other.

- Amendments to IAS 41 – Taxation in fair value measurements (included in the annual improvements for the 2018-2020 cycle). Applicable in the European Union to financial years beginning on or after 1 January 2022. This improvement eliminates the requirement to exclude tax cash flows in the measurement of the biological assets fair value, ensuring consistency with the principles of IFRS 13 – Fair value.

- IFRS 17 – Insurance Contracts. Applicable in the European Union to financial years beginning on or after 1 January 2023. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. Broadly speaking, IFRS 17 provides an accounting model for insurance contracts that is more useful and consistent for issuers. In contrast to the

requirements in IFRS 4, which are based on previously addopted local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

The Company did not apply any of these standards in advance in the financial statements in the twelve-month period ended on 31 December 2021. No significant impacts on the financial statements resulting from their adoption are estimated.

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

- Amendments to IAS 1 – Presentation of financial statements – Classification of liabilities as current or non-current. This amendment seeks to clarify the classification of liabilities as current or non-current according to the rights that an entity has to defer its payment at the end of each reporting period. The classification of liabilities is not affected by the entity's expectations (the assessment should determine whether a right exists, but should not consider whether or not the entity will exercise such a right), or by events occurred after the reporting date, such as a breach of a "covenant". However, if the right to defer settlement for at least twelve months is subject to the fulfillment of certain conditions after the balance sheet date, these criteria do not affect the right to defer settlement, whose purpose is to classify a liability as current or not current. This amendment also includes a new definition of "settlement" of a liability and is applicable retrospectively.

- Amendments to IAS 8 – Definition of accounting estimates. The amendment clarifies the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. Additionally, it clarifies how an entity uses measurement techniques and inputs to develop accounting estimates.

- Amendments to IAS 1 – Disclosure of accounting policies. These amendments are intended to assist the entity in the disclosure of 'material' accounting policies, previously designated as 'significant' policies. Due to the inexistence of this concept in IFRS, it was decided to replace it with the concept "materiality", a concept already familiar to users of the financial statements. When assessing the materiality of accounting policies, the entity should consider not only the size of transactions but also other events or conditions and their nature.

- Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction. The amendments clarify that payments that settle a liability are tax deductible, however it is a matter of professional judgment whether such deductions are attributable to the liability recognised in the financial statements or to the related asset. This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. Under these amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of an asset and a liability give rise to taxable and deductible temporary differences that are not equal.

- Amendments to IFRS 17 – Insurance contracts – Initial application of IFRS 17 and IFRS 9 – Comparative information. This amendment to IFRS 17 refers to the presentation of comparative information on financial assets, in the initial application of IFRS 17. The amendment adds a transition option that allows an entity to apply an "overlay" in the classification of a financial asset in the comparative period(s) presented in the initial application of IFRS 17. The "overlay" allows all financial assets, including those held in connection with activities unrelated to contracts within the scope of IFRS 17, to be classified, instrument by instrument, in the comparative period(s) in line with how the entity expects these assets to be classified on initial application of IFRS 9.

These standards have not yet been adopted ("endorsed") by the European Union and, as such, were not applied by the Company in the twelve-month period ended on 31 December 2021. No significant impacts are estimated on financial statements resulting from its adoption.

2.2 Transactions and balances in foreign currencies

Transactions in foreign currency are recorded at exchange rates on transactions dates. At each reporting date, the carrying amounts of monetary items denominated in foreign currency are updated by applying the exchange rate prevailing on that date. Non-monetary items carried at fair value denominated in foreign currency are restated at the exchange rates of the respective dates on which the fair values were determined. Exchange rate differences on monetary items that constitute an extension of the investment denominated in the functional currency of the Company or the subsidiary in question are recognised as the exchange rate on investment in shareholder's equity. Exchange rate differences on non-monetary items are classified under "Other reserves".

Exchange differences arising on the date of receipt or payment of foreign currency transactions and the resulting updates of the above are recognised in the income statement, under "Foreign exchange losses / (gains)" for all other balances or transactions.

At 31 December 2020 and 2021, 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:

	31-12-2020	31-12-2021
CURRENCY		
US Dollar	1.23	1.13

2.3 Tangible assets

Tangible assets are stated at acquisition cost less accumulated depreciation and eventual impairment losses. The acquisition cost includes the purchase price of the asset, expenses directly attributable to the purchase and costs incurred in preparing the asset to be ready for utilisation. Costs incurred on borrowings for the construction of tangible fixed assets are recognised

as part of the cost of the asset, whenever the period of construction / preparation is more than one year.

Subsequent costs with renovations and major repairs that extend the useful life or productive capacity of assets are recognised as a cost of the asset.

The costs of current maintenance and repairs are recognised as a cost when they are incurred.

The estimated costs of dismantling and removal of the assets will be considered as part of the initial cost.

Tangible assets are depreciated from the time they are completed or ready to be used. These assets, less their residual value, are depreciated by the straight-line method, in twelfths, from the month in which they become available for use, according to the useful life of the assets defined as their estimated utility.

The depreciation rates used corresponds to the following useful lives:

CLASS OF GOODS	2020 (YEARS)	2021 (YEARS)
Buildings and other constructions	10	10
Basic equipment	3-4	3-4
Transportation equipment	4	4
Administrative equipment	2-10	2-10
Other tangible assets	8	8

The useful lives and depreciation method of the tangible assets are reviewed annually. The effect of any changes to these estimates is recognised prospectively in the income statement.

The residual values of assets and their respective useful lives are reviewed and adjusted if appropriate, at the reporting date. If the carrying amount exceeds the recoverable amount of the asset, it is readjusted to the estimated recoverable amount by recognizing impairment losses (Note 2.6).

Gains and/or losses resulting from the sale of a tangible fixed asset, determined as the difference between realizable value of the transaction and the accounting net value, are recognised in the account "Losses/(gains) on sale of assets".

2.4 Intangible assets

Intangible assets are stated at acquisition cost less accumulated amortisation and impairment losses, when applicable.

Intangible assets are recognised only when they are identifiable, generate future economic benefits for the Company and can be measured reliably.

The Company conducts a periodic impairment assessment of the intangible assets available for use. This impairment assessment is also carried out whenever an event or change in circumstances that indicates that the amount for which the asset is recorded may not be recovered is identified. If this happens, the Company determines the recoverable value of the asset, in order to determine if an impairment loss exists and its extent.

The useful lives of the intangible assets are classified as finite or indefinite.

Intangible assets with finite useful lives are amortized over their useful lives, with an impairment analysis carried out whenever there are indications that the amount at which the intangible asset is mentioned in the financial statements may not be recovered. The amortization period and the amortization method of an intangible asset with a finite useful life are reviewed periodically. Any changes in the expected useful life or in the expected pattern of future consumption of the economic benefits incorporated in the asset, are considered in the modification over the period or method of amortization and, if verified, are treated as changes in accounting estimates. The amortization costs of intangible assets with finite lives are recognized in the income statement.

These assets are amortised by the straight-line method, in twelfths, from the beginning of the month in which they become available for use.

The amortisation rates used correspond to the following estimated useful lives:

CLASS OF GOODS	2020 (YEARS)	2021 (YEARS)
Computer Programs	3	3
Industrial property and other rights	3	3

The intangible assets with indefinite useful lives are not amortized, and impairment assessments are performed annually.

Accordingly, the useful life of an intangible asset that is not being amortized is periodically reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If not, the change in the assessment of the useful life from indefinite to finite is accounted for as a change in an accounting estimate

2.5 Goodwill

Goodwill represents the excess of acquisition cost over the net fair value of the assets, liabilities, and contingent liabilities of a business, a subsidiary, jointly controlled company or associated, at the acquisition date, if this is not a business combination of entities under common control in accordance with IFRS 3. In the case of a business combination of entities under common control, Goodwill represents the excess of acquisition cost over the fair value of the asset and liabilities of the acquired business.

Goodwill is presented as a component of the acquisition cost of the financial investments, in the separate accounts of NOS, when business is embodied in an entity.

Given the policy followed by the Company in the recognition and measurement of financial investments, Goodwill is recorded as an asset and included in "Intangible assets" if the excess of the costs common from an acquisition by merger, and in "Financial investments in group companies" in an acquisition of a subsidiary jointly controlled company or an associated company. Goodwill is not amortised and is subject to impairment tests at least once a year, on a specified date, and whenever there are changes in the test's underlying assumptions at the date of the statement of financial position which may result in a possible loss of value. Any impairment loss is recorded immediately

in the income statement in "Impairment losses" and is not liable to subsequent reversal.

For the purposes of impairment tests, goodwill is attributed to the cash-generating units to which it is related, which may correspond to the business segments in which the Company operates, or a lower level.

On disposal of a subsidiary, associate or jointly controlled entity, the corresponding goodwill is included in determining the corresponding gain or loss realised.

2.6 Impairment of tangible and intangible assets, excluding goodwill

At each reporting date is carried out a review of the carrying amounts of tangible fixed assets and intangible assets of the Company to determine whether there is any indication that the recorded amount may not be recoverable. If there is any indicator, we estimate the recoverable amount of the respective assets in order to determine the extent of the impairment loss (if any). When it is not possible to determine the recoverable amount of an individual asset, the recoverable amount is estimated for the cash-generating unit to which the asset belongs.

The recoverable amount of the asset or cash-generating unit is the greater of (i) the fair value less costs to sell and (ii) the current use value. In determining the current use value, the estimated future cash flows are discounted using a discount rate that reflects market expectations for the time value of money and the risks specific to the asset or cash-generating unit for which the estimates of future cash flows have not been adjusted.

When the carrying amount of the asset or cash-generating unit exceeds its recoverable amount, is recognised as an impairment loss. The impairment loss is recognised immediately in the income statement under "Depreciation, amortisation, and impairment losses" unless such loss offset a revaluation surplus recorded in shareholders' equity.

The reversal of impairment losses recognised in previous years is recorded when there are indications that these losses no longer exist or have decreased. The reversal of impairment losses is recognised in the statement of comprehensive income in the captions referred in the previous paragraph. The reversal of the impairment loss is made up to the amount that would be recognised (net of amortisation) if no impairment loss had been recorded in previous years.

2.7 Investments in-Group companies

Financial investments in Group companies (companies in which the Company holds directly or indirectly controlling, considering that control over an entity exists when the Group is exposed, and or has rights, as a result of their involvement, on the variable returns the entity's activities, and has the ability to affect this return through the power over the entity) are recorded under the caption "Financial investments in Group companies', at their acquisition cost, in accordance with IAS 27, as Company presents, separately, consolidated financial statements in accordance with IAS/IFRS.

Under this caption are also recorded at nominal value, supplementary capital granted to subsidiaries.

An evaluation of investments in Group companies is performed when there are indications that the recorded amount may not be recoverable, or impairment losses recorded in previous years no longer exist.

Impairment losses detected on the realizable value of the financial investments in Group companies are recognised in the year in which they are estimated, under the caption "Losses / (gains) of affiliated companies" in the income statement.

Impairment losses on investments in Group companies are calculated using two different methods, and the one with the highest value is chosen: i) comparison of the carrying value of the investment with its recoverable value, the latter being the highest among the use value and the fair value less the cost of selling; and ii) comparison of the carrying value of the investment with its fair value less the cost of selling.

The identification of impairment indicators, the estimate of future cash flows and the determination of the fair value of assets less costs to sell particularly in the Angolan subsidiaries (fair value less costs to sell including a discount / risk premium resulting from uncertainties related to these companies), imply a high level of judgment from the Board of Directors regarding the identification and assessment of the different impairment indicators and expected cash flows.

The expenses incurred with the acquisition of financial investments in Group companies are recorded as cost when they are incurred.

2.8 Financial assets

Financial assets are recognised in the statement of financial position of the Company on the trade or contract date, which is the date on which the Company undertakes to purchase or sell the asset.

Initially, apart from commercial accounts receivable, financial assets are recognised at fair value plus directly attributable transaction costs, except for assets at fair value through income in which transaction costs are immediately recognised in income. Trade accounts receivable, at the initial time, are recognised at their transaction price, as defined in IFRS 15.

These assets are derecognised when: (i) the Company's contractual rights to receive their cash flows expire; (ii) the Company has substantially transferred all the risks and benefits associated with their ownership; or (iii) although it retains part but not substantially all the risks and benefits associated with their ownership, the Company has transferred control of the assets.

Financial assets and liabilities are offset and shown as a net value when, and only when, the Company has the right to offset the recognised amounts and intends to settle for the net value.

The Company classifies its financial assets into the following categories: financial investments at fair value through profit or loss, financial assets measured at amortised cost, financial assets at fair value through other comprehensive income. Its classification depends on the entity's business model to manage the financial assets and the contractual characteristics in terms of the cash flows of the financial asset.

Financial assets at fair value through profit and loss
This category includes financial derivatives and equity instruments that the Company has not classified as financial assets through other comprehensive income at the time of initial recognition. This category also includes all financial instruments whose contractual cash flows are not exclusively capital and interest.

Financial assets at fair value through results are presented in the financial statements at fair value, the net changes being known in the income statement. This category of assets includes derivative instruments and investments in listed companies which the Company has not classified as financial assets at fair value through other comprehensive income. Dividends from investments in listed companies are recognized as income in the income statement when the respective right of receipt is formalized.

Gains and losses resulting from changes in the fair value of assets measured at fair value through profit or loss are recognised in results in the year in which they occur under "Losses / (gains) on financial assets", including the income from interest and dividends.

Financial assets at fair value through other comprehensive income
Financial assets measured at fair value through other comprehensive income are those that are part of a business model whose objective is achieved through the collection of contractual cash flows and the sale of financial assets, being that these contractual cash flows are only capital and interest reimbursement on the capital in debt.

Financial assets measured at amortised cost
Financial assets measured at amortised cost are those that are included in a business model whose purpose is to hold financial assets in order to receive the contractual cashflows, being that these contractual cash flows are only capital reimbursement and interest payments on the capital in debt.

Financial assets measured at amortized cost are subsequently measured using the effective tax rate method and subject to impairment. Income and costs are recognized in the income statement when the asset is derecognised, updated or an impairment is recognized over it. Financial assets measured at the Company's amortized cost include accounts receivable and loans granted to related parties.

Cash and cash equivalents
The amounts included in "Cash and cash equivalents" correspond to the amounts of cash, bank deposits, term deposits and other investments with maturities of less than three months which may be immediately realizable and with a negligible risk of change of value.

For the purposes of the statement of cash flows, "Cash and cash equivalents" also includes bank overdrafts included in the statement of financial position under "Borrowings" (when applicable).

2.9 Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to their contractual substance irrespective of their legal form. Equity instruments are contracts that show a residual interest in the Company's assets after deducting the liabilities. The equity instruments issued by the Company are recorded at the amount received, net of the costs incurred in their issue. Financial liabilities and equity instruments are regained only when extinguished, i.e., when the obligation is settled, cancelled or extinguished.

In accordance with IFRS 9, financial liabilities are classified as subsequently measured at amortised cost, except for:

a) Financial liabilities at fair value through profit or loss. These liabilities, including derivatives that are liabilities, should subsequently be measured at fair value;

b) 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;

c) Financial guarantee contracts;

d) The commitments to grant a loan at a lower interest rate than the market;

e) The recognised contingent consideration by a buyer in a concentration of business activities to which IFRS 3 applies. Such contingent consideration shall be subsequently measured at fair value, with changes recognised in profit or loss.

Financial liabilities of the Company include: borrowings, accounts payable and derivative financial instruments.

2.10 Impairment of financial assets

At the date of each statement of financial position, the Company analyses and recognises expected losses on its debt securities, loans and accounts receivable. The expected loss results from the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original effective interest rate.

The objective of this impairment policy is to recognise expected credit losses over the respective duration of financial instruments that have undergone significant increases in credit risk since initial recognition, assessed on an individual or collective basis, taking into account all reasonable and sustainable information, including prospects. If, at the reporting date, the credit risk associated with a financial instrument has not increased significantly since the initial recognition, the Company measures the provision for losses relating to that financial instrument by an amount equivalent to the expected credit losses within a period of 12 months.

For receivables and assets resulting from contracts under IFRS 15, the Company adopts the simplified approach when calculating expected credit losses. As a result, NOS does not monitor changes in credit risk, recognising instead impairment losses based on the expected credit loss on each reporting date. The Company established a provisions' matrix where it presents an impairment loss criterion based on the history of credit losses, adjusted by specific prospective factors for the clients and the economic environment.

2.11 Derivate financial instruments

Initial and subsequent recognition

The Company uses derivative financial instruments, such as exchange rate forward contracts, interest rate swaps, to cover its exchange rate risks, interest, respectively. Such derivative financial instruments are initially recorded at fair value on the date the derivative is contracted and are subsequently measured at fair value. Derivatives are presented in assets when their fair value is positive and in liabilities when their fair value is negative.

In terms of hedge accounting, hedges are classified as:

- Fair value hedge when the purpose is to hedge the exposure to fair value changes of a registered asset or liability or an unregistered Companys' commitment;
- Cash flow hedge when the purpose is to hedge the exposure to cash flow variability arising from a specific risk associated with the whole or a component of a registered asset or liability or an anticipated highly probable occurrence or exchange risk associated with an unregistered Company' commitment;
- Coverage of a net investment in a foreign operational unit.

NOS uses derivative financial instruments with fair value and cash flow hedges.

At the beginning of the hedge relationship, the Company formally designates and documents the hedging relationship for which hedge accounting is intended to apply as well as the management and strategy purpose of such hedge.

The documentation includes the identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

i) There is an economic relationship' between the hedged item and the hedging instrument;

ii) The effect of credit risk does not "dominate the value changes" that result from that economic relationship; and

iii) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedges that quantity of hedged item.

Hedges that meet all the quantifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Company uses forward contracts of: i) currency contracts for its exposure to foreign currency risk in forecast transactions and firm commitments; ii) interest rates to cover the risk of volatility of the interest rates; iii) own shares contracts for its exposure to volatility in own shares to be distributed within the scope of share incentive scheme. The ineffective portion relating to foreign currency contracts is recognised as "Net foreign exchange losses/(gains)", the ineffective portion relating to interest rates is recognised as "Financial costs" and the ineffective portion relating to own shares contracts is recognised as "Wages and salaries".

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a Company's commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

2.12 Subsidies

Subsidies are recognised at their fair value when there is a reasonable assurance that they will be received and the Company will meet the requirements for their award.

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

Investment subsidies are recognised in the statement of financial position as deferred income and it is recognised as income on a systematic and rational basis over the useful life of the asset.

If the subsidy is considered as deferred income, it is recognised as income on a systematic and rational basis during the useful life of the asset.

2.13 Provisions, contingent liabilities and contingent assets

Provisions are recognised when: (i) there is a present obligation arising from past events and it is likely that in settling that obligation, the expenditure of internal resources will be necessary; and (ii) the amount or value of such obligation can be reasonably estimated. When one of the above conditions is not met, the Company discloses the events as a contingent liability unless the likelihood of an outflow of funds resulting from this contingency is remote, in which case they are not disclosed.

Provisions, for legal procedures taking place against the Company are made in accordance with the risk assessments carried out by the Company and by their legal advisers, based on success rates.

Provisions for restructuring are only recognised when the Company has a detailed and formal plan, which identifies the main features of the restructuring programme and after these facts have been reported to the entities involved.

Obligations that result from onerous contracts are registered and measured as provisions. There is an onerous contract when the Company is an integral part of a contract, which entail costs that exceed the future economic benefits.

Provisions for potential future operating losses are not covered.

Contingent liabilities are not recognised in the financial statements, unless the exception provided under IFRS 3 business combination, and are disclosed whenever there is a good chance to shed resources including economic benefits. Contingent assets are not recognised in the financial statements, being disclosed when there is a likelihood of a future influx of financial resources.

Provisions are reviewed and brought up to date at the date of the statement of financial position to reflect the best estimate at that time of the obligation concerned.

2.14 Rights of use and Leases

A lease is defined as a contract, or part of a contract, that transfers the right to use a good (the underlying asset) for a period in exchange for a value.

At the beginning of each contract, it is evaluated and identified if it is or contains a lease. This assessment involves an exercise of judgment as to whether each contract depends on a specific asset, if the NOS obtains substantially all the economic benefits from the use of that asset and whether the NOS has the right to control the use of the asset.

All contracts that constitute a lease are accounted for on the basis of the on-balance model in a similar way with the treatment that IAS 17 establishes for financial leases.

At the commencement date of the lease, NOS recognises the liability related to lease payments (lease liability) and the asset representing the right to use the underlying asset during the lease period (the right of use or "ROU").

The cost of interest on the lease liability and the depreciation of the ROU are recognised separately.

Lease liabilities are remeasured at the occurrence of certain events (such as a change in the lease period, a change in future payments that result from a change in the reference rate or rate used to determine such payments). This remeasurement of the lease liability is recognised as an adjustment in the ROU.

2.14.1 Rights of use of assets

The Company recognises the right to use the assets at the start date of the lease (that is, the date on which the underlying asset is available for use).

The right to use the assets is recorded at acquisition cost, deducted from accumulated depreciation and impairment losses and adjusted for any new measurement of lease liabilities. The cost of the ROU of the assets includes the recognised amount of the lease liability, any direct costs incurred initially and payments already made prior to the initial rental date, less any incentives received. When IFRS 16 was implemented, during the computation of the values of rights of use, the potential impact of the costs of dismantling and removal of the assets wasn't considered, since they were already registered as fixed assets.

Unless it is reasonably certain that the Company obtains ownership of the leased asset at the end of the lease term, the recognised right of use of the assets is depreciated on a straight-line basis over the shorter of its estimated useful life and the term of the lease.

Rights of use are subject to impairment.

The rights of used of assets are depreciated using the straight-line method by the shortest period between length of the contract and its expected useful life.

If at the end of the leasing contract the asset is transferred to the company, or if the cost reflects the possibility of exercising the call option, the depreciation is calculated according to the estimated useful life of the asset.

2.14.2 Liabilities with leases

At the start date of the lease, the Company recognises the liabilities measured at the present value of the future payments to be made until the end of the lease.

Lease payments include fixed payments (including fixed payments on the substance), deducted of any incentives to be received, variable payments, dependent on an index or rate, and expected amounts to be paid under residual value guarantees. The lease payments also include the exercise price of a call option if it is reasonably certain that the Company will exercise the option, and penalties for termination of the lease if it is reasonably certain that the Company will terminate the lease.

Variable payments that do not depend on an index or a rate are recognised as an expense in the period in which the event giving rise to them occurs.

To calculate the present value of the lease payments, the Company uses the incremental loan rate at the start date of the lease if the implied interest rate is not readily determinable.

After the start date of the lease, the value of the lease liability is increased to reflect the increase in interest and reduces by the payments made. In addition, the book value of the lease liability is remeasured if there is a change, such as a change in the lease term, fixed payments or the purchase decision of the underlying asset.

2.15 Income tax

NOS is covered by the special tax regime for groups of companies, which covers all the companies in which it directly or indirectly owns at least 75% of the share capital and which simultaneously are resident in Portugal and subject to Corporate Income Tax (IRC).

The remaining subsidiaries not covered by the special tax regime for groups of companies are taxed individually based on their respective taxable incomes and the applicable tax rates.

Income tax is stated in accordance with the IAS 12 criteria. In calculating the cost relating to income tax for the period, in addition to current tax, allowance is also made for the effect of deferred tax calculated in accordance with the liability method, taking into account the temporary differences resulting from the difference between the tax basis of assets and liabilities and their values as stated in the Company's financial statements, and the tax losses carried forward at the date of the statement of financial position. The deferred income tax assets and liabilities were calculated based on the tax legislation currently in force or of legislation already published for future application.

Deferred income tax assets are recognized for all the deductible temporary differences until it is likely that a taxable profit is obtained to which the deductible temporary difference may be used, unless the deferred income tax asset results from the initial recognition of an asset or liability in a transaction which:

a) Is not a concentration of business activities;

b) At the moment of the transaction, it does not affect neither the accounting profit nor the taxable profit (fiscal loss);

c) With respect to deductible temporary differences arising from investments in subsidiaries, branches and associates and interests in joint arrangements, deferred income tax assets are recognized only to the extent that the temporary difference will revert in the foreseeable future and taxable profit against which the temporary difference can be used will be available.

As stipulated in the above standard, deferred income tax assets are recognised only when there is reasonable assurance that these may be used to reduce future taxable profit, or when there are deferred income tax liabilities whose reversal is expected to occur in the same period in which the deferred income tax assets are reversed. At the end of each period, an assessment is made of deferred income tax assets, and these are adjusted in line with the likelihood of their future use.

The amount of tax that are either to be included in current tax or in deferred tax, resulting from transactions or events recognised in equity accounts, is directly recorded under those items and does not affect the results for the period.

In a business combination, the deferred tax benefits acquired are recognised as follows:

a) The deferred tax benefits acquired in the measurement period of one year after the merger, and that result from new information about facts and circumstances that existed at the date of acquisition are recorded against the goodwill-carrying amount related to the acquisition. If the goodwill carrying value is null, any remaining deferred tax benefits are recognised in the income statement.

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

2.16 Share-based payments

The benefits granted to employees under share purchase or share option incentive plans are recorded in accordance with the requirements of IFRS 2 – Share-based payments.

In accordance with IFRS 2, since it is not possible to reliably estimate the fair value of the services received from employees, their value is measured by reference to the fair value of equity instruments (own shares) in accordance with their share price at the grant date.

The cost is recognised linearly over the period in which the service is provided by employees, under the caption "Wages and salaries" in the income statement, with the corresponding increase in other reserves, in equity.

The accumulated cost recognised at the date of each statement of financial position up to the vesting reflects the best estimate of the number of own shares that will be vested, weighted by the time elapsed between the grant and the vesting. The impact on the income statement each year corresponds to the accumulated cost valuation between the beginning and the end of the year.

In turn, benefits granted based on shares but paid in cash lead to the recognition of a liability valued at fair value at the date of the statement of financial position.

Additionally, the Board of Directors of NOS SGPS, responsible for the plans' attribution, can decide an additional debit related to costs associated to their management, which is debited to its subsidiaries and recognised in equity.

2.17 Capital

Legal reserve
Portuguese commercial legislation requires that at least 5% of annual net profit must be appropriated to a legal reserve until it represents at least 20% of the share capital. This reserve is not distributable, except in case of liquidation, but can be used to absorb losses, after having exhausted all other reserves and to increase share capital.

Share premium reserves
Issue of shares corresponds to premiums from the issuance or capital increases. According to Portuguese law, share premiums follow the treatment given to the "Legal Reserve", that is, the values are not distributable, except in case of liquidation, but can be used to absorb losses after having exhausted all other reserves and to increase share capital.

Reserves for plans of medium term incentive
According to IFRS 2 - "Share-based payments", the responsibility with the medium-term incentive plans settled by delivery of own shares is recorded as credit, under "Reservations for mid-term incentive plans" and such reserve is not likely to be distributed or used to absorb losses.

The Company recognises in equity the responsibility of all the action plans of various companies in the NOS Group, since it is responsible for its delivery to its employees, against results for the year and accounts receivable of subsidiaries when dealing with own employees or employees of subsidiary companies, respectively.

Hedging reserves
Hedging reserves reflect the changes in fair value of derivative financial instruments as cash flow hedges that are considered effective, and they are not likely to be distributed or be used to absorb losses.

Own shares reserves
The "own shares reserves" reflect the value of the shares acquired and follows the same legal regime as the legal reserve. Under Portuguese law, the amount of distributable reserves is determined according to the individual financial statements of the company prepared in accordance with IFRS. In addition, the increases resulting from the application of fair value through equity components, including its application through the net profit can only be distributed when the elements that originated them are sold, exercised liquidated or when the end their use, in the case of tangible fixed assets or intangible assets.

Own shares
The own shares are recorded at acquisition cost as a deduction from equity. Gains or losses on the sale of own shares are recorded under "other reserves".

Dividends
The company recognizes the liability, as well as its impact over the equity, associated with the responsibility to distribute dividends when it is approved by the shareholders.

Retained results
This item includes the results available for distribution to shareholders and earnings per fair value in financial instruments increases, financial investments and investment properties, which, in accordance with paragraph 2 of article 32 of the CSC, will only be available for distribution when the elements or rights that originated them are sold, exercised, terminated, or settled.

2.18 Revenue

The Company's revenue is based on the five-step model established by IFRS 15

1) Identification of the contract with the customer;

2) Identification of performance obligations;

3) Determining the price of the transaction;

4) Allocation of the price of the transaction to the performance obligations; and

5) Recognition of revenue.

Thus, at the beginning of each contract, the Company evaluates the promised goods or services and identifies, as a performance obligation, every promise of transfer to the customer of any distinct good or service (or package of goods or services). These promises in customer contracts may be express or implied, provided such promises create a valid expectation in the client that the entity will transfer a good or service to the customer, based on the entity's published policies, specific statements or usual business practices.

The Company only provide services so the recognition of revenue occurs at the time of performance of each performance obligation.

Interest revenue is recognised using the effective interest method, only when they generate future economic benefits for the Company and when they can be measured reliably.

Revenue from dividends is recognised when the Company's right to receive the correspondent amount is established.

2.19 Accruals

Company's revenues and costs are recognised in accordance with the accrual's principle, under which they are recognised as they are generated or incurred, regardless when they are received or paid.

The costs and revenues related to the current period and whose expenses and income will only occur in future periods are registered under "Accounts receivable", "Prepaid Expenses", "Accrued expenses" and "Deferred income", as well as the expenses and income that have already occurred that relate to future periods, which will be recognised in each of those periods, for the corresponding amount.

The costs related to the current period and whose expenses will only occur in that future periods are registered under "Accrued expenses" when it is possible to estimate with certainty the related amount, as well as the timing of the expense's materialization. If uncertainty exists related to any of these aspects, the value is classified as Provisions.

2.20 Financial charges and borrowings

Financial charges related to borrowings are recognised as costs in accordance with the accruals principle,

except in the case of loans incurred (whether these are generic or specific) for the acquisition, construction or production of an asset that takes a substantial period (over one year) to be ready for use, which are capitalised in the acquisition cost of that asset. Costs from capitalized borrowings are determined having in consideration the amount of borrowing costs obtained that can be capitalized, according to the application of a capitalization rate over the charges associated with that asset. The capitalization rate (aligned with NOS' average financing rate) as well as with the costs to be capitalized are determined monthly, taking into consideration the monthly balance of eligible borrowings and the monthly amount of the asset in progress that qualifies.

2.21 Fair value measurement

The Company measures part of the financial assets, such as financial assets available for sale, and some of its non-financial assets at fair value on the date of the financial statements.

The fair value measurement assumes that the asset or liability is exchanged in an orderly transaction among market participants to sell the asset or transfer the liability at the measurement date under current market conditions. The fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability may occur:

- On the main market of the assets and liabilities, or
- In the absence of a primary market, it is assumed that the transaction occurs in the most advantageous market. This is what maximises the amount that would be received for selling asset or minimises the amount that would be paid to transfer the liability, after considering transaction costs and transport costs.

Since different entities and businesses within a single entity can have access to different markets, the main or most advantageous market for the same asset or liability can vary from one entity to another, or even between businesses within the same entity, but it is assumed that they are accessible to the Company.

The fair value measurement uses assumptions that market participant's use in defining price of the asset or liability, assuming that market participants would use the asset to maximise its value.

The Company uses valuation techniques appropriate to the circumstances whenever there is information to measure the fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities measured at fair value or of which disclosure is mandatory, are rated on a fair value hierarchy, which ranks data in three levels to be used in the measurement at fair value, and detailed below:

Level 1 – Listed and unadjusted market prices, in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 - valuation techniques using inputs that aren't quoted, but which are directly or indirectly observable;

Level 3 - valuation techniques using inputs not based on observable market data, based on unobservable inputs.

The fair value measurement is classified in the same fair value hierarchy level at the lowest level of input, which is significant to the measurement as a whole.

2.22 Employee benefits

Personnel expenses are recognised when the service is rendered by employees independently of their date of payment. Here are some specificities:

a) Termination of employment. The benefits for termination of employment are due for payment when there is cessation of employment before the normal retirement date or when an employee accepts voluntarily to leave in exchange of these benefits. The company recognises these benefits when it can be shown being committed to a termination of current employees according to a detailed formal plan for termination and there is no realistic possibility of withdrawal or these benefits are granted to encourage voluntary redundancy. When the benefits of cessation of employment are due more than 12 months after the balance sheet date, they are updated to their present value.

b) Holiday, holiday allowances and bonuses. According to the labour law, employees are entitled to 22 days annual leave, as well as one month of holiday allowances, rights acquired in the year preceding payment. These liabilities of the company are recorded when incurred, independently of the moment of payment, and are reflected under the item "Accounts payable and other".

c) Labour Compensation Fund (FCT) and the Labour Compensation Guarantee Fund (FGCT). Based on the publication of Law No. 70/2013 and subsequent regulation by Order No. 294-A / 2013, entered into force on 1 October the Labour Compensation Fund schemes (FCT) and the Guarantee Fund Compensation of Labour (FGCT). In this context, companies that hire a new employee are required to deduct a percentage of the respective salary for these two new funds (0.925% to FCT and 0.075% to FGCT), in order to ensure, in the future, the partial payment the compensation for dismissal. Considering the characteristics of each Fund, the following is considered:

- The monthly deliveries to FGCT, made by the employer are recognised as expense in the period to which they relate;

- The monthly deliveries to FCT, made by the employer are recognised as a financial asset of the entity, measured at fair value with changes recognised in the respective results.

2.23 Statement of cash flows

The statement of cash flows is prepared in accordance with the direct method. The Company classifies under "Cash and cash equivalents" the assets with maturities of less than three months and for which the risk of change in value is negligible. For purposes of the statement of cash flows, the balance of cash and cash equivalents also include bank overdrafts included in the statement of financial position under "Borrowings".

The statement of cash flows is divided into operating, investment, and financing activities.

Operating activities include cash received from customers and payments to suppliers, staff and others related to operating activities.

The cash flows included in investment activities include acquisitions and disposals of investments in subsidiaries and cash received and payments arising from the purchase and sale of tangible and intangible assets, amongst others.

Financing activities include cash received and payments relating to borrowings, the payment of interest and similar costs, finance leases, the purchase and sale of own shares and the payment of dividends.

2.24 Subsequent events

Events occurring after the date of the statement of financial position, which provide additional information about conditions that existed at that date, are taken into account in the preparation of financial statements for the period.

Events occurring after the date of the statement of financial position, which provide information on conditions that occur after that date, are disclosed in the notes to the financial statements, when they are materially relevant.

3. JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires the Company's management to make judgments and estimates that affect the statement of financial position and the reported results. These estimates are based on the best information and knowledge about past and/or present events, and on the operations that the Company considers may it may implement in the future. However, at the date of completion of such operations, their results may differ from these estimates.

Changes to these estimates that occur after the date of approval of the financial statements will be corrected in the income statement in a prospective manner, in accordance with IAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors".

The estimates and assumptions that imply a greater risk of giving rise to a material adjustment in assets and liabilities are described below:

3.1 Relevant accounting estimates

3.1.1 Provisions

The Company periodically reviews any obligations arising from past events, which should be recognised or disclosed. The subjectivity involved in determining the probability and amount of internal resources required to meet obligations may give rise to significant adjustments, either due to changes in the assumptions made, or due to the future recognition of provisions previously disclosed as contingent liabilities.

3.1.2 Tangible and intangible assets

The determination of the useful lives of assets as well as the amortisation / depreciation method to be applied is crucial in determining the amount of amortisation / depreciation to be recognised in the statement of comprehensive income for each year. These two parameters are defined using management's best estimates for the assets and businesses concerned, and taking account of the practices adopted by sector companies at international level.

3.1.3 Impairment assets, excluding goodwilll

The determination of a possible impairment loss can be triggered by the occurrence of various events, many of which outside the Company's sphere of influence, such as future availability of financing, cost of capital, as well as any other changes, either internal or external, to the Company.

The identification of impairment indicators, the estimation of future cash flows and determining the fair value of assets involve a high degree of judgment by the Board of Directors with regard to the identification and evaluation of different impairment indicators, expected cash flows, applicable discount rates, useful lives, and residual values.

3.1.4 Impairment of goodwill

Goodwill is subjected to impairment tests annually or whenever there are indications of a possible loss of value. The recoverable values of the cash-generating units to which goodwill is allocated are determined based on the calculation of current use values. These calculations require the use of estimates by management.

3.1.5 Fair value of financial assets and liabilities

When the fair value of an asset or liabilities is calculated, on an active market, the respective market price is used. When there is no active market, which is the case with some of the Company's financial assets and liabilities, valuation techniques generally accepted in the market, based on market assumptions, are used.

The Company uses evaluation techniques for unlisted financial instruments such as derivatives. The valuation models that are used most frequently are discounted cash flow models and options models, incorporating, for example, interest rate curves and market volatility.

For certain types of more complex derivatives, more advanced valuation models are used containing assumptions and data that are not directly observable in the market, for which the Company uses internal estimates and assumptions.

3.2 Misstatement, estimates and changes to accounting policies

During the financial years ended on 31 December 2019 and 2020, no material misstatements relating to previous years were recognised.

4. RISK MANAGEMENT

4.1 Financial risk factors

NOS as a holding company (SGPS) develops direct and indirect management activities over its subsidiaries. Thus, the fulfilment of assumed obligations depends on the cash flows generated by these. Therefore, the company depends on the eventual distribution of dividends by its subsidiaries, the payment of interest, repayment of loans and other cash flows generated by those companies.

The ability of NOS' subsidiaries to have available funds will depend, in part, on its ability to generate positive cash flows and, on the other hand, is dependent on the respective results, available reserves, and financial structure.

NOS has a program of risk management that focuses its analysis on the financial markets in order to

minimise potential adverse effects on its financial performance. Risk management is handled by the Financial Management in accordance with the policy approved by the Board. There is also at NOS an Internal Control Committee with specific functions in the control area of risks of the activity of the Company.

4.2 Exchange rate risk

Exchange rate risk is mainly related to exposure resulting from payments made to foreign suppliers mainly denominated in US dollars. Depending on the balance of accounts payable resulting from transactions in a currency different from the Company's operating currency, the Company's subsidiaries contract or may contract financial instruments, namely short-term foreign currency forwards, in order to hedge the risk associated with these balances.

NOS has investments in foreign companies whose assets and liabilities are exposed to ex-change rate variations (the Group has two subsidiaries in Mozambique, Lusomundo Moçambique and Mstar, whose functional currency is the Metical, four in Angola, Finstar, ZAP Media, ZAP Cinemas and ZAP Publishing whose functional currency is the Kwanza). NOS has not adopted any policy of hedging the risk of exchange rate variations for these companies on cash flows in foreign currencies.

Additional disclosures are made in the consolidated financial statements of NOS.

At 31 December 2020 and 2021, balances payable to suppliers in currencies other than the Euro are not material.

4.3 Interest rate risk

The risk of fluctuations in interest rates can result in a cash flow risk or a fair value risk, depending on whether variable or fixed interest rates have been negotiated.

NOS has adopted a policy of hedging risk through the use of interest rate swaps to hedge future interest payments on bond loans and other borrowings.

NOS uses a sensitivity analysis technique which measures the expected impacts on results and equity of an immediate increase or decrease of 0.25% (25 basis points) in market interest rates, for the rates applying at the date of the statement of financial position for each class of financial instrument, with all other variables remaining constant. This analysis is for illustrative purposes only, since in practice market rates rarely change in isolation.

The sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect interest receivable or payable on financial instruments with variable rates;
- Changes in market interest rates only affect interest receivable or payable on financial instruments with fixed interest rates when they are recognised at fair value;
- Changes in market interest rates affect the fair value of derivatives and other financial assets and liabilities;
- Changes in the fair value of derivatives and other financial assets and liabilities are estimated by discounting future cash flows from current net values using market rates at the end of the year.

Under these assumptions, an increase or decrease of 0.25% in market interest rates for loans that are not covered or loans with variable interest at 31 December 2021 would have resulted in an increase or decrease in annual profit before tax of approximately 0.9 million euros (2020: 1 million euros).

In the case of the interest rate swaps contracted, the sensitivity analysis which measures the estimated impact of an immediate increase or decrease of 0.25% (25 basis points) in market interest rates results in changes in the fair value of the swaps of approximately 0 euros at 31 December 2020 and 2021. The impacts of the sensibility analysis are near zero because market interest rates are negative and there is a floor of 0% on the loan and on the swap contracts.

Additional disclosures are made in the consolidated financial statements of NOS.

4.4 Credit risk

Credit risk is mainly related to the risk of a counterparty defaulting on its contractual obligations, resulting in a financial loss to the Company's subsidiaries. The Company's subsidiaries are exposed to credit risk in its operating and treasury activities.

This risk is monitored on a regular business basis, and the aim of management is to: i) limit the credit granted to customers, using the average payment time by each customer; ii) monitor the trend in the level of credit granted; and iii) analyse the impairment of receivables on a regular basis.

The Company's subsidiaries do not face any serious credit risk with any particular client, insofar as the accounts receivable derive from a large number of clients from a wide range of businesses and the subsidiaries obtain credit guarantees, whenever the financial situation of the customer requires.

Additional disclosures are made in the consolidated financial statements of NOS.

4.5 Liquidity risk

Prudent management of liquidity risk requires the maintenance of an adequate level of cash and cash equivalents to meet the liabilities associated with the negotiation of credit facilities with financial institutions. Under the model adopted, the Group has:

i. Commercial paper programmes of which around 431.5 million euros is being used, of which 14 million euros issued under programs without underwriting. The commercial paper programmes have a total amount of 635 million euros, corresponding to twelve programmes, with six banks, including 497.5 million euros which bear interest at market rates and 137.5 million euros issued in fixed rate;

ii. Private and direct cash bonds to the value of 590 million euros;

iii. A Finance Contract with the European Investment Bank to support the development of mobile broadband network in Portugal in the amount of 18.3 million euros.

Based on estimated cash flows and taking into consideration the compliance with any covenants typically existing in loans payable, management regularly monitors the forecasts of liquidity reserves

by the Group, including the amounts of unused credit lines, amounts of cash and cash equivalents.

Complementary disclosures are made in the consolidated financial statements of NOS.

4.6 Capital risk management

At 31 December 2021, NOS holds financial assets and liabilities valued at fair value, namely Equity Swap derivatives and interest rate swap derivatives (Note 21).

In accordance with IFRS 13 - Fair value measurement, the levels of the fair value hierarchy are described as follows:

- **Level 1** - Financial instruments valued based on quotations in active markets to which the company has access are included in this category, securities valued based on executable (immediate liquidity) published by external sources.
- **Level 2** - Financial instruments whose value is based on directly or indirectly observable data in active markets are included in this category, securities valued based on bids provided by external entities and internal valuation techniques using only observable market data.
- **Level 3** - All financial instruments valued at fair value that do not fall in level 1 and 2.

The calculation of the fair value of interest rate swaps derivatives was based on the estimate of discounted future cash flows (Level 2).

Complementary disclosures are made in the consolidated financial statements of NOS.

5. FINANCIAL ASSETS AND LIABILITIES CLASSIFIED IN ACCORDANCE WITH THE IFRS 9 CATEGORIES - FINANCIAL INSTRUMENTS

The accounting policies set out in IFRS 9 for financial instruments were applied to the following items:

	31-12-2020					
	LOANS AND RECEIVABLESS	DERIVATIVES	OTHER FINANCIAL LIABILITIES	TOTAL FINANCIAL ASSETS / LIABILITIES	NON FINANCIAL ASSETS / LIABILITIES	TOTAL
ASSETS						
Accounts receivable - non current (Note 10)	725,994,584	-	-	725,994,584	-	725,994,584
Available-for-sale financial assets (Note 12)	12,951	-	-	12,951	-	12,951
Accounts receivable - current (Note 10)	236,235,054	-	-	236,235,054	12,419	236,247,473
Cash and cash equivalents (Note 15)	126,561,238	-	-	126,561,238	-	126,561,238
TOTAL FINANCIAL ASSETS	**1,088,803,827**	**-**	**-**	**1,088,803,827**	**12,419**	**1,088,816,246**
LIABILITIES						
Borrowings - non current (Note 17)	-	-	854,685,869	854,685,869	-	854,685,869
Accrued expenses - non current (Note 19)	-	-	959,903	959,903	-	959,903
Borrowings - current (Note 17)	-	-	98,625,035	98,625,035	-	98,625,035
Accounts payable - current (Note 22)	-	-	97,498,931	97,498,931	-	97,498,931
Accrued expenses - current (Note 19)	-	-	2,690,031	2,690,031	-	2,690,031
Derivative financial instruments (Note 21)	-	1,000,673	-	1,000,673	-	1,000,673
TOTAL FINANCIAL LIABILITIES	**-**	**1,000,673**	**1,054,459,769**	**1,055,460,442**	**-**	**1,055,460,442**

	31-12-2021					
	LOANS AND RECEIVABLESS	DERIVATIVES	OTHER FINANCIAL LIABILITIES	TOTAL FINANCIAL ASSETS / LIABILITIES	NON FINANCIAL ASSETS / LIABILITIES	TOTAL
ASSETS						
Accounts receivable - non current (Note 10)	735,361,135	-	-	735,361,135	-	735,361,135
Available-for-sale financial assets (Note 12)	12,951	-	-	12,951	-	12,951
Accounts receivable - current (Note 10)	587,161,040	-	-	587,161,040	16,036	587,177,076
Derivative financial instruments (Note 21)	-	105,008	-	105,008	-	105,008
Cash and cash equivalents (Note 15)	360,472	-	-	360,472	-	360,472
TOTAL FINANCIAL ASSETS	**1,322,895,598**	**105,008**	**-**	**1,323,000,606**	**16,036**	**1,323,016,642**
LIABILITIES						
Borrowings - non current (Note 17)	-	-	806,994,281	806,994,281	-	806,994,281
Accrued expenses - non current (Note 19)	-	-	951,891	951,891	-	951,891
Borrowings - current (Note 17)	-	-	235,142,116	235,142,116	-	235,142,116
Accounts payable - current (Note 22)	-	-	140,728,845	140,728,845	-	140,728,845
Accrued expenses - current (Note 19)	-	-	2,709,601	2,709,601	-	2,709,601
Derivative financial instruments (Note 21)	-	333,609	-	333,609	-	333,609
TOTAL FINANCIAL LIABILITIES	**-**	**333,609**	**1,186,526,734**	**1,186,860,343**	**-**	**1,186,860,343**

Considering its nature, the balances of the amounts to be paid and received to/from state and other public entities were considered outside the scope of IFRS 7. Also, the captions of "Prepaid expenses" and "Deferred Income" were not included in this note, as the nature of such balances are not included in the scope of IFRS 7.

The Board of Directors believes that, the fair value of the breakdown of financial instruments recorded at amortised cost or registered at the present value of the payments does not differ significantly from their book value. This decision is based in the contractual terms of each financial instrument.

The Company's activity is subject to a variety of financial risks, such as market risk, liquidity risk and economical and judicial risks, which are described in Note 4.

6. TANGIBLE ASSETS

During the years ended at 31 December 2020 and 2021, the movements in acquisition costs and accumulated depreciation in this item were as follows:

	31-12-2019	INCREASES	DISPOSALS AND WRITE-OFFS	TRANSFERS AND OTHERS	31-12-2020
ACQUISITION COST					
Buildings and other constructions	253,332	-	-	-	253,332
Basic equipment	227,448	-	-	-	227,448
Tools and dies	7,965	-	-	-	7,965
Administrative equipment	2,421,869	3,618	-	-	2,425,487
Other tangible assets	293,592	-	-	-	293,592
	3,204,206	**3,618**	**-**	**-**	**3,207,824**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES					
Buildings and other constructions	253,332	-	-	-	253,332
Basic equipment	227,027	95	-	-	227,122
Tools and dies	7,965	-	-	-	7,965
Administrative equipment	2,409,040	7,934	-	-	2,416,974
Other tangible assets	152,048	-	-	-	152,048
	3,049,412	**8,029**	**-**	**-**	**3,057,441**
	154,794	**(4,411)**			**150,383**
			-	-	

	31-12-2020	INCREASES	DISPOSALS AND WRITE-OFFS	TRANSFERS AND OTHERS	31-12-2021
ACQUISITION COST					
Buildings and other constructions	253,332	-	-	-	253,332
Basic equipment	227,448	-	-	2	227,450
Tools and dies	7,965	-	-	-	7,965
Administrative equipment	2,425,487	9,181	-	4	2,434,672
Other tangible assets	293,592	-	-	(2)	293,590
	3,207,824	**9,181**	**-**	**4**	**3,217,009**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES					
Buildings and other constructions	253,332	-	-	-	253,332
Basic equipment	227,122	95	-	4	227,221
Tools and dies	7,965	-	-	-	7,965
Administrative equipment	2,416,974	7,800	-	-	2,424,774
Other tangible assets	152,048	-	-	-	152,048
	3,057,441	**7,895**	**-**	**4**	**3,065,340**
	150,383	**1,286**		**-**	**151,669**
			-		

7. INTANGIBLE ASSETS

During the years ended at 31 December 2020 and 2021, the movements in acquisition costs and accumulated amortisation and impairment losses in this item were as follows:

	31-12-2019	INCREASES	DISPOSALS AND WRITE-OFFS	TRANSFERS AND OTHERS	31-12-2020
ACQUISITION COST					
Industrial property and other rights	5,538,531	-	-	-	5,538,531
Goodwill	453,888,879	-	-	-	453,888,879
Software	461,345	-	-	-	461,345
	459,888,755	**-**	**-**	**-**	**459,888,755**
AMORTIZAÇÕES E PERDAS DE IMPARIDADE ACUMULADAS					
Industrial property and other rights	5,536,240	1,144	-	-	5,537,384
Software	461,345	-	-	-	461,345
	5,997,585	**1,144**	**-**	**-**	**5,998,729**
	453,891,170	**(1,144)**	**-**	**-**	**453,890,025**

	31-12-2020	INCREASES	DISPOSALS AND WRITE-OFFS	TRANSFERS AND OTHERS	31-12-2021
ACQUISITION COST					
Industrial property and other rights	5,538,531	-	-	-	5,538,531
Goodwill	453,888,879	-	-	-	453,888,879
Software	461,345	-	-	-	461,345
	459,888,755	**-**	**-**	**-**	**459,888,755**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES					
Industrial property and other rights	5,537,384	1,145	-	-	5,538,529
Software	461,345	-	-	-	461,345
	5,998,729	**1,145**	**-**	**-**	**5,999,874**
	453,890,025	**(1,145)**	**-**	**-**	**453,888,881**

Goodwill

At 31 December 2020 and 2021, the value of goodwill results from the merger occurred on 27 August 2013, by the merger through the incorporation of Optimus SGPS into ZON, by overall transfer of the assets of Optimus SGPS into ZON.

Impairment tests on goodwill

In this context of uncertainty, which remains, regarding the level of evolution of the pandemic and its impact on economic development and changes in the Portuguese consumption patterns (Note 35.1), in 2021, 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 AUDIOVISUAIS	NOS CINEMAS
Discount Rate (before taxes)	5.3%	6.3%	8.0%
Assessment Period	5 years	5 years	5 years
EBITDA Growth (2021-26)*	2.7%	1.6%	10.4%
Perpetuity Growth Rate	1.4%	1.4%	1.4%

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.

A significant EBITDA increase was considered in the cinemas segment, the segment most affected by COVID-19. This increase was justified by the poor year observed in 2020 due to the pandemic situation, and so a full recovery of the activity is estimated by 2023.

The number of years specified in the impairment tests depends on the degree of maturity of the various businesses and markets and were determined based on the most appropriate criteria for the valuation of each cash-generating unit.

Sensitivity analyses were performed on variations in the discount rate and growth rate in the perpetuity of the various reported segments, of 1 percentage point and 0.4 percentage points, respectively.

In the telecommunications segment sensitivity analysis were also performed to variations in the operational indicators RGU (Revenue Generating Unit), ARPU (Average Revenue per User), EBITDA and CAPEX, in perpetuity, of approximately 5%.

In the cinema segment, sensitivity analyzes were conducted on variations in the projected number of tickets sold, average revenue per ticket, EBITDA and CAPEX, in perpetuity, of approximately 5%.

These simulations did not result in the need to reinforce impairment.

8. RIGHTS OF USE

During the years ended at 31 December 2020 and 2021, the movements in this item were as follows:

	31-12-2019	INCREASES	DISPOSALS AND WRITE-OFFS	TRANSFERS AND OTHERS	31-12-2020
ACQUISITION COST					
Buildings	65,785	-	-	-	65,785
Vehicles	755,391	72,495	-	-	827,886
	821,176	**72,495**	**-**	**-**	**893,671**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES					
Buildings	20,189	16,580	-	-	36,769
Vehicles	501,928	105,248	-	-	607,176
	522,117	**121,828**	**-**	**-**	**643,945**
	299,059	**(49,333)**			**249,726**
			-	-	

	31-12-2020	INCREASES	DISPOSALS AND WRITE-OFFS	TRANSFERS AND OTHERS	31-12-2021
ACQUISITION COST					
Buildings	65,785	-	-	-	65,785
Vehicles	827,886	118,840,	-	-	946,726
	893,671	**118,840**	**-**	**-**	**1,012,511**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES					
Buildings	36,769	16,580	-	-	53,349
Vehicles	607,176	119,441	-	-	726,617
	643,945	**136,021**	**-**	**-**	**779,966**
	249,726	**(17,181)**			**232,545**
			-	-	

These assets are amortised according to the duration of the respective agreement.

9. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

At 31 December 2020 and 2021, this item was as follows:

	INVESTMENTS	SUPPLEMENTARY CAPITAL	2020	INVESTMENTS	SUPPLEMENTARY CAPITAL	2021
NOS Comunicações	496,761,600	-	496,761,600	496,761,600	-	496,761,600
NOS Audio - Sales and Distribution	220,750,000	-	220,750,000	196,650,000	-	196,650,000
NOS Audiovisuais SGPS	17,061,000	65,000,000	82,061,000	21,114,500	65,000,000	86,114,500
Teliz	41,200,000	-	41,200,000	41,272,000	-	41,272,000
NOS Inovação	31,417,153	-	31,417,153	31,417,153	-	31,417,153
NOS Cinemas	25,876,270	-	25,876,270	25,876,270	-	25,876,270
NOS Property	9,000,000	-	9,000,000	9,000,000	-	9,000,000
NOS Corporate Center	4,050,000	-	4,050,000	6,050,000	-	6,050,000
Mstar	5,518,502	-	5,518,502	5,518,502	-	5,518,502
NOS Wholesale	4,335,000	-	4,335,000	4,335,000	-	4,335,000
Fundo NOS 5G	2,750,000	-	2,750,000	2,750,000	-	2,750,000
NOS Internacional SGPS	2,050,000	-	2,050,000	2,050,000	-	2,050,000
NOS Lusomundo SII	437,895	150,000	587,895	437,895	150,000	587,895
NOS Mediação de Seguros	-	-	-	50,000	-	50,000
Upstar	26,528	-	26,528	26,528	-	26,528
	861,233,949	**65,150,000**	**926,383,949**	**843,309,449**	**65,150,000**	**908,459,449**

During the years ended at 31 December 2020 and 2021, the movement in "Financial Investments" of NOS was as follows:

	INVESTMENTS	SUPPLEMENTARY CAPITAL	TOTAL
BALANCE AS AT 1 JANUARY 2020	**862,985,449**	**22,400,000**	**885,385,449**
Increases	12,053,500	45,000,000	57,053,500
Decreases	(3,105,000)	-	(3,105,000)
Impairments (Note 29)	(10,700,000)	(2,250,000)	(12,950,000)
BALANCE AS AT 31 DECEMBER 2020	**861,233,949**	**65,150,000**	**926,383,949**
BALANCE AS AT 1 JANUARY 2021	**861,233,949**	**65,150,000**	**926,383,949**
Increases	6,175,500,	-	6,175,500
Impairments (Note 29)	(24,100,000)	-	(24,100,000)
BALANCE AS AT 31 DECEMBER 2021	**843,309,449**	**65,150,000**	**908,459,449**

During the year ended on 31 December 2021, the movements in the caption were as follows:

i) NOS Audivisuais SGPS: increase of share capital by 4 million euros;

ii) NOS Corporate Center: increase of share capital by 2 million euros;

iii) Teliz: increase of capital (Share Premium Contribution) by 72 thousand euros;

iv) NOS Mediação de Seguros: constitution of the company with share capital of 50 thousand euros;

v) NOS Audio Sales: impairment of 24.1 million euros.

Assets, liabilities and shareholder's equity, income and statutory results of subsidiaries and associated companies at 31 December 2021 are as follows:

COMPANY	ASSETS	LIABILITIES	SHAREHOLDER'S EQUITY	TOTAL INCOME	TOTAL EXPENSES	NET INCOME / (LOSS)	% HELD
NOS Comunicações	3,324,889,789	2,627,209,905	697,679,884	1,336,287,127	(1,275,175,816)	61,111,311	100%
NOS Audio - Sales and Distribution	52,945,045	19,325,858	33,619,187	67,799,198	(57,662,707)	10,136,491	71,45%
NOS Audiovisuais SGPS	140,412,179	48,730,709	91,681,470	-	3,857,280	3,857,280	100%
Teliz Holding B.V	93,240	61,799	31,441	-	(13,310)	(13,310)	100%
NOS Inovação	45,504,907	8,606,197	36,898,710	17,064,049	(12,155,594)	4,908,455	100%
NOS Lusomundo Cinemas	67,803,929	53,196,984	14,606,945	34,975,018	(30,147,323)	4,827,695	100%
NOS Property	27,752,205	8,088,556	19,663,649	26,545,339	(16,726,971)	9,818,368	100%
Mstar	12,306,080	7,125,416	5,180,664	3,795,285	(2,592,161)	1,203,124	30%
NOS Wholesale	15,662,791	6,112,355	9,550,436	26,310,762	(24,213,899)	2,096,863	100%
NOS Mediação Seguros	122,354	77,309	45,045	5,526	(10,481)	(4,955)	100%
NOS Corporate Center	45,627,650	37,388,681	8,238,969	30,976,749	(29,514,483)	1,462,266	100%
Fundo NOS 5G	9,407,485	11,115	9,396,370	-	(319,416)	(319,416)	27,5%
NOS Internacional SGPS	2,160,228	15,081	2,145,147	-	12,468	12,468	100%
NOS Lusomundo SII	2,234,716	112,450	2,122,266	-	(114,063)	(114,063)	100%
Upstar	37,575,590	36,303,949	1,271,641	21,280,198	(21,244,789)	35,409	30%
Sport TV*	149,233,476	136,929,043	12,304,433	236,924,007	(235,783,812)	1,140,195	25%

* On 2021, Sport TV changed the annual reporting period from December 31 to June 30, therefore, in the accounts presented in the table above, revenue and net income correspond to the values approved from January to June 2021, added from the results from July to December 2021.

No In the year ended on31 December 2021, the assets, liabilities and results of these companies jointly controlled by NOS (through investment in Teliz), are:

COMPANY	NON-CURRENT ASSETSE	CURRENT ASSETS	NON-CURRENT LIABILITIES	CURRENT LIABILITIES	EQUITY	REVENUES	NET INCOME
Finstar	62,579,413	111,164,790	-	131,911,845	41,832,358	150,791,110	16,247,512
ZAP Media	23,565,783	11,394,026	-	31,693,453	3,266,356	27,935,749	2,153,195

Annually or whenever there are indicators of impairment, the carrying amount of financial investments is compared to its recoverable value. The existence of these indicators is determined when: i) the affiliate's share capital is lower than the carrying amount; or ii) there are recent transactions with implicit valuations lower than the carrying amount; or iii) the stake is located in hyper inflated countries.

Additional disclosures regarding Telco and Audiovisuals segments are made in the consolidated financial statements of NOS SGPS.

The extra impairment tests performed to Teliz's financial investment (which holds several financial investments in Angola) and Mstar (Mozambique), which are valued in Kwanzas and Meticais (local currencies) respectively, considered the conservative business plans , approved by NOS' Executive Committee, for a period of five years, which considers an average revenue growth rate (in local currencies) for the period of 2.7% (Angola) and 4.7% (Mozambique). The revenue growth rates reflect: (i) the best estimate for growth of the customer base, reflecting prudent expectations about new customers growth and churn rates; and (ii) an annual price growth that represents, for the period of 2022 to 2026, between 20% and 60% of the inflation rate.

The business plans also consider a perpetual growth rate of 6.8% and 5.5% in Angola and Mozambique, respectively, and a perpetual discount rate ("WACC") of 14.4% (Angola) and 14.3% (Mozambique). The discount rate for the period of 2022 to 2026 varies between 23.7% and 14.4% (at 2026) for Angola, and 15.9% and 14.3% (at 2026) for Mozambique, in line with the most prudent inflation rate forecasts (source: International Monetary Fund (IMF)).

Additionally, it must be considered that the present uncertain economic conditions of these markets, namely in the exchange market, the limits to the transfer of currency, and the legal constraints regarding the investments, especially in Angola, increase the level of variability of the assumptions of the model, which can have a significant impact on the estimates considered, namely related with the inflation rate and its impact on the ability to reflect it on the evolution of prices.

The Company prepared sensitivity analyses to the fluctuations of the discount rate (+-1 percentage point) and perpetual growth rate (+-1 percentage point). Additionally, the Company prepared sensitivity analyses to the fluctuations of the inflation rate and to its capacity to reflect the referred fluctuations on prices (simulation of several scenarios, with price repercussions between 0% and 100% of the inflation rate).

Additionally, the Company forecast growth for the customer base of 0% and 0.4%, in Finstar and Zap Media respectively. Fluctuations of 1 percentage point for each variable were considered.

It is Board of Directors' belief that no additional impairment should be registered. Additionally, given the mentioned seizure of assets, material consequences to the operational management of the companies are not expected, nor to NOS, besides the restrictions on dividend distribution.

The Company has several controls in place regarding the financial reporting process of affiliated, jointly controlled and associated companies. The balances and transactions included in the reported financial statements are subjected to financial audits, when legally required. For the remaining companies, where financial audit is not legally required, specific review procedures are performed by the Company.

10. ACCOUNTS RECEIVABLE

At 31 December 2020 and 2021, this item was as follows:

	2020		2021	
	CURRENT	NON CURRENT	CURRENT	NON CURRENT
ACCOUNTS RECEIVABLE				
Related parties i)	233,149,997	721,510,000	583,049,902	732,456,500
Accrued income - interests i)	1,983,428	-	3,007,234	-
Advances to suppliers	12,419	-	16,036	-
Others ii)	1,101,629	4,484,584	1,103,904	2,904,635
	236,247,473	**725,994,584**	**587,177,076**	**735,361,135**

i) At 31 December 2020 and 2021, the amounts receivable from related parties correspond predominantly to short-term loans, shareholder medium and long-term loans and interest receivable from subsidiaries and associated companies (Note 31). At the end of the year 2021, these short-term loans and supplies, bear interest at the rate of 1.4% and 2.2%, respectively.

ii) At 31 December 2021, this item corresponds, in most part, to the 3.9 million euros to be received for the disposal of NOS International Carrier Services (Note 9).

11. IMPOSTOS A PAGAR E A RECUPERAR

Em 31 de dezembro de 2020 e 2021, estas rubricas têm a seguinte composição:

	2020		2021	
	DEBIT BALANCES	CREDIT BALANCES	DEBIT BALANCES	CREDIT BALANCES
Income taxes	-	954,857	-	5,596,796
Personnel income tax witholdings	-	97,725	-	92,051
Value-added tax	66,809	-	80,432	-
Social Security contributions	-	84,882	-	82,099
	66,809	**1,137,464**	**80,432**	**5,770,946**

Em 31 de dezembro de 2020 e 2021, os montantes a receber e a pagar relativos a IRC têm a seguinte composição:

	2020	2021
Current income taxes estimative	(30,454,480)	(25,951,321)
Tax contingencies	(1,555,442)	(1,602,972)
Payments on account	30,101,165	20,472,833
Witholding income taxes	474,598	908,750
Income tax receivable	479,302	575,914
INCOME TAX (PAYABLE) / RECEIVABLE	**(954,857)**	**(5,596,796)**

The current income taxes estimative includes the Company and its subsidiaries' taxes estimates, included in the Consolidated Tax Group, where NOS SGPS is the parent company.

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

At 31 December 2020 and 2021, the item "Available-for-sale financial assets", in the amount of 12.951 euros, corresponds to equity investments of low value.

13. TAXES

NOS and its associated companies are subject to IRC - Corporate Income Tax - at the rate of 21% on taxable amount (taxable profit less eventual tax losses subject to deduction), plus IRC surcharge at the maximum rate of 1.5% on taxable profit, giving an aggregate rate of approximately 22.5%. Additionally, following the introduction of austerity measures approved by Law 66-B/2012 of 31 December, and respective addendum

published by Law 114/2017 of 29 December, this rate was raised by 3% and will be applied to the company's taxable profit between 1.5 million euros and 7.5 million euros, by 5% to the company's taxable profit which between 7.5 million euros and 35 million euros, and by 9% to the company's taxable profit above 35 million euros.

In the calculation of taxable income, amounts, which are not fiscally allowable, are added to or subtracted from the book results. These differences between accounting income and taxable income may be of a temporary or permanent nature.

The Company is taxed in accordance with the Special Regime for Taxation of Corporate Groups, which covers the companies in which it directly or indirectly holds at least 75% of their share capital and which fulfil the requirements of Article 69 of the IRC Code.

The companies covered by the Special Regime for Taxation of Corporate Groups in 2021 are:

- NOS SGPS (parent company)
- Empracine
- Lusomundo Imobiliária
- Lusomundo SII
- NOS Açores
- NOS Audiovisuais
- NOS Audiovisuais SGPS
- NOS Cinemas
- NOS Comunicações SA
- NOS Inovação
- NOS Internacional SGPS
- NOS Audio – Sales and Distribution
- NOS Madeira
- NOS Sistemas
- NOS Technology
- NOS Wholesale
- NOS Corporate Center
- NOS Property
- Per-mar
- Sontária

Under current legislation, tax declarations are subject to review and correction by tax authorities for a period of four years, except when tax losses have occurred or tax benefits have been obtained, whose term, in these cases, matches the deadline to use them. It should be noted that in the event of inspections, appeals, or disputes in progress, these periods might be extended or suspended.

The Board of Directors of NOS, based on information from its tax advisers, believes that these and any other revisions and corrections to these tax declarations, as well as other contingencies of a fiscal nature, will not have a significant effect on the financial statements as at 31 December 2021.

A) Deferred taxes

NOS has recorded deferred tax relating to temporary differences between the taxable basis and the book amounts of assets and liabilities and tax losses carried (when applicable) forward at the date of the statement of financial position.

The movements in deferred tax assets and liabilities for the financial years ended on 31 December 2020 and 2021 were as follows:

	31-12-2019	NET INCOME / (LOSS) FOR THE YEAR	SHAREHOLDER'S EQUITY	31-12-2020
DEFERRED INCOME TAX ASSETS:				
Derivatives (Note 21)	86,296	95,313	43,544	225,153
Share plans	467,103	(77,064)	-	390,039
Other provisions and adjustments	1,212,822	(323,186)	-	889,636
	1,766,221	**(304,937)**	**43,544**	**1,504,828**

	31-12-2020	NET INCOME / (LOSS) FOR THE YEAR	SHAREHOLDER'S EQUITY	31-12-2021
DEFERRED INCOME TAX ASSETS:				
Derivatives (Note 21)	225,153	(53,316)	(96,773)	75,064
Share plans	390,039	47,000	-	437,039
Other provisions and adjustments	889,636	(36,974)	-	852,662
	1,504,828	**(43,290)**	**(96,773)**	**1,364,765**
DEFERRED INCOME TAX ASSETS:				
Derivatives (Note 21)	-	(23,627)	-	(23,627)
	-	**(23,627)**	**-**	**(23,627)**
TOTAL	**1,504,828**	**(66,917)**	**(96,773)**	**1,341,138**

Deferred tax assets were recognised when it is probable that taxable profits will occur in future that may be used to absorb tax losses or deductible tax differences. This assessment was based on the business plan of the company, which is regularly revised and updated.

At 31 December 2020 and 2021, the tax rate used to calculate the deferred tax assets relating to temporary differences was 22.5%.

B) Effective tax rate reconciliation

In the years ended at 31 December 2020 and 2021, the reconciliation between the nominal and effective rates of tax was as follows:

	2020	2021
Income before taxes	100,730,951	224,489,915
Statutory tax rate	22.50%	22.50%
ESTIMATED TAX	**22,664,464**	**50,510,231**
Permanent differences (i)	(19,057,078)	(47,407,900)
Tax benefits	(2,268,750)	-
State surcharge	561,543	496,502
Taxes from previous year	332,021	78,192
Autonomous taxation	13,996	17,032
Other adjustments	(222,356)	76,943
INCOME TAXES	**2,023,840**	**3,771,000**
Effective income tax rate	2.0%	1.7%
Income tax	1,718,903	3,704,083
Deferred tax	304,937	66,917
	2,023,840	**3,771,000**

(i) At 31 December 2020 and 2021, the permanent differences were composed as follows:

	2020	2021
Dividends received (Note 29)	(91,207,483)	(234,870,535)
Disposals of investments in subsidiaries (Note 9 and 29)	(6,479,239)	28,391
Impairment on Financial Investments (Note 9 and 29)	12,950,000	24,100,000
Others	38,596	40,365
	(84,698,126)	**(210,701,779)**
	22.50%	22.50%
	(19,057,078)	**(47,407,900)**

14. PREPAID EXPENSES

At 31 December 2020 and 2021, this item was composed as follows:

	2020	2021
Insurances	41,077	58,996
Employees	3,173	3,118
Rentals	1,450	1,450
Other prepaid expenses	72,237	22,999
	117,937	**86,563**

15. CASH AND CASH EQUIVALENTS

At 31 December 2020 and 2021, this item was composed as follows:

	2020	2021
Cash	16,326	18,309
Deposits	126,544,912	342,163
	126,561,238	**360,472**

16. SHAREHOLDER'S EQUITY

16.1 Share capital

At 31 December 2020 and 2021, the share capital of NOS was 5,151,613.80 euros, represented by 515,161,380 shares registered book-entry shares, with a nominal value of 1 Euro cent per share.

The main shareholders at 31 December 2020 and 2021 are:

	2020		2021	
	NUMBER OF SHARES	% SHARE CAPITAL	NUMBER OF SHARES	% SHARE CAPITAL
ZOPT, SGPS, SA (1)	268,644,537	52.15%	268,644,537	52.15%
Sonae, SGPS, S.A. (2)	38,000,000	7.38%	38,000,000	7.38%
Mubadala Investment Company	-	-	25,758,569	5.00%
MFS Investment Management	11,049,477	2.14%	-	-
Norges Bank	11,488,099	2.23%	-	-
TOTAL	**329,182,113**	**63.90%**	**332,403,106**	**64.52%**

(1) In accordance with subparagraphs 1.b) and 1.c) of Article 20 and Article 21 of the Portuguese Securities Code, a qualified shareholding of 52.15% of the share capital and voting rights of company, calculated in accordance with Article 20 of the Securities Code, is attributable to ZOPT SGPS, S.A., Sonaecom SGPS S.A. and the following entities:

a. Kento Holding Limited and Unitel International Holdings B.V., as well as Isabel dos Santos, being (i) Kento Holding Limited and Unitel International Holdings, B.V., companies directly and indirectly controlled by Isabel dos Santos, and (ii) ZOPT SGPS S.A., a jointly controlled company by its shareholders Kento Holding Limited, Unitel International Holdings B.V. and Sonaecom SGPS S.A., under the shareholder agreement signed between them;

b. Entities in a control relationship with Sonaecom SGPS S.A., namely, SONTEL, BV and SONAE, SGPS, S.A, companies directly and indirectly controlled by Efanor Investimentos, SGPS, S.A., also due of such control and of the shareholder agreement mentioned in a.;

(2) According to the announcement disclosed to CMVM, on 19 August 2020.

16.2 Capital issued premium

On 27 August 2013, and following the completion of the merger between ZON and Optimus SGPS, the Company's share capital was increased by 856,404,278 euros, corresponding to the total number of issued shares (206,064,552), based on the closing market price of 27 August 2013. The capital increase is detailed as follows:

i) share capital for an amount of 2,060,646 euros;

ii) premium for issue of shares for an amount of 854,343,632 euros.

Additionally, the premium for issue of shares was deducted for an amount of 125 thousand euros related to costs with the respective capital increase.

The capital issued premium is subject to the same rules as for legal reserves and can only be used:

1. to cover part of the losses on the balance of the year that cannot be covered by other reserves;

2. 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;

3. to increase the share capital.

16.3 Own shares

ACompany law regarding own shares requires the establishment of a non-distributable reserve of an amount equal to the purchase price of such shares, which becomes frozen until the shares are disposed of or distributed. In addition, the applicable accounting rules determine that gains or losses on the disposal of own shares are stated in reserves.

At 31 December 2021, there were 3,002,427 own shares, representing 0.5828% of the share capital (31 December 2020: 3,424,754 own shares, representing 0.6648% of the share capital).

Movements in the years ended at 31 December 2020 and 2021 were as follows:

	QUANTITY	VALUE
BALANCE AS AT 1 JANUARY 2020	**2,595,541**	**14,654,691**
Acquisition of own shares	1,812,134	5,721,710
Distribution of own shares - share incentive scheme (note 33)	(892,627)	(5,007,140)
Distribution of own shares - other remunerations	(90,294)	(509,809)
BALANCE AS AT 31 DECEMBER 2020	**3,424,754**	**14,859,452**
BALANCE AS AT 1 JANUARY 2021	**3,424,754**	**14,859,452**
Acquisition of own shares	687,000	2,068,592
Distribution of own shares - share incentive scheme (Note 33)	(963,026)	(3,976,598)
Distribution of own shares - other remunerations	(146,301)	(598,359)
BALANCE AS AT 31 DECEMBER 2021	**3,002,427**	**12,353,087**

16.4 Reserves

Legal reserve

Portuguese commercial legislation requires that at least 5% of the Company's annual net profit must be used to build up the legal reserve until it corresponds to 20% of the share capital. This reserve cannot be distributed except in the event of liquidation of the company, but it may be used to absorb losses after all other reserves have been exhausted, or for incorporation in the share capital.

Other reserves

At 31 December 2021, NOS had reserves, which by their nature are considered distributable for an amount of approximately 267.5 million euros, not including net income.

16.5 Dividendos

The General Meeting of Shareholders held on 19 June 2020 approved a proposal by the Board of Directors for payment of an ordinary dividend per share of 0.278 euros, totalling 143,215 thousand euros. The dividend that is attributable to own shares totalling 839 thousand euros. These dividends were paid on 3 July 2020.

	2020
Dividends	143,214,864
Dividends of own shares	(698,894)
	142,515,970

The General Meeting of Shareholders held on 21 April 2021 approved a proposal by the Board of Directors for payment of an ordinary dividend per share of 0.278 euros, totalling 143,215 thousand euros. The dividend that is attributable to own shares totalling 839 thousand euros.

	2021
Dividends	143,214,864
Dividends of own shares	(839,167)
	142,375,697

16.6 Net earnings per share

Earnings per share for the years ended on 31 December 2020 and 2021 were calculated as follows:

	2020	2021
EARNINGS PER SHARE		
Net income / (Loss) for the year	98,707,111	220,718,915
Number of ordinary shares outstanding during the year (weighted average)	512,503,200	512,096,301
Basic earnings per share	0.19	0.43
Diluted earnings per share	0.19	0.43

During the year ended on 31 December 2020 and 2021, there were no diluting effects on net earnings per share, so the diluted earnings per share are equal to the basic earnings per share.

17. BORROWINGS

At 31 December 2020 and 2021, the detail of borrowings is as follows:

	2020		2021	
	CURRENT	NON CURRENT	CURRENT	NON CURRENT
LOANS - NOMINAL VALUE	**95,833,406**	**855,833,333**	**232,351,858**	**807,500,000**
Debenture loan	-	575,000,000	150,000,000	440,000,000
Commercial paper	77,500,000	262,500,000	64,000,000	367,500,000
Foreign loans	18,333,333	18,333,333	18,333,333	-
Bank Overdrafts	73	-	18,525	-
LOANS - ACCRUALS AND DEFERRALS	**2,678,776**	**(1,284,593)**	**2,676,698**	**(637,872)**
LOANS - AMORTISED COST	**98,512,182**	**854,548,740**	**235,028,556**	**806,862,128**
LEASES	**112,853**	**137,129**	**113,560**	**132,153**
	98,625,035	**854,685,869**	**235,142,116**	**806,994,281**

During the year ended at 31 December 2021, the average cost of debt of the used credit lines was approximately 1.2% (1.2% in 2020).

During the year ended at 31 December 2021, the average global cost of debt (used and unused credit lines) was approximately 1.4% (1.3% in 2020).

On 31 December 2021, there is no default in terms of capital, interest, conditions for remission on loans payable or other commitments.

17.1 Debenture Loans

At 31 December 2021, the Company has 590 million euros bonds issued with maturity after one year:

i) A private placement in the amount of 150 million euros organised by BPI Bank and Caixa - Banco de Investimento in March 2015 and maturing in March 2022. The loan bears interest at variable rates, indexed to Euribor and paid semi-annually. The emission has been totally hedged by an interest rate swap.

ii) A bond issue for an amount of 300 million euros in May 2018, whose maturity occurs in May 2023. The issue bears interest at a fix rate and it is paid annually.

iii) A bond loan in the amount 50 million euros organized by BPI bank in June 2019 and maturing in June 2024. The loan bears interest at variable rates, indexed to Euribor and paid semi-annually.

iv) A bond loan in the amount 50 million euros organized by Caixa Geral de Depósitos in July 2019 and maturing in July 2024. The loan bears interest at variable rates, indexed to Euribor and paid semi-annually.

v) A bond loan in the amount 25 million euros organized by MedioBanca in July 2019 and maturing in July 2024. The loan bears interest at fix rate and paid annually.

vi) A bond loan in the amount 15 million euros organized by BPI in July 2021 and maturing in July 2026. The loan bears interest at variable rates, indexed to Euribor and paid quarterly.

At 31 December 2021, the value of these loans was added from the net amount of 1,896 thousand euros, corresponding to the respective interest and fees, recorded in the item "Loans - accruals and deferrals".

17.2 Commercial paper

At 31 December 2021, the Company has borrowings of 431.5 million euros in the form of commercial paper, of which 14 million euros issued under programs without underwriting. The total amount contracted, under underwriting securities, is of 635 million euros, corresponding to twelve programmes, with six banks, of which 487.5 million euros bear interest at market rates and 137.5 million euros are issued with fix rate. Commercial paper programmes with maturities over 1 year totalling 560 million (of which 367.5 million euros have been used as of 31 December 2021) euros are classified as non-current, since the Company has the ability to renew unilaterally current issues on or before the programmes' maturity dates and because they are underwritten by the organiser. As such, this amount, although having a current maturity, it was classified as non-current for presentation purposes in the financial position statement.

At 31 December 2021 an amount of 387 thousand euros, corresponding to interest and commissions, was added to this amount, and recorded in the item "Loans - accruals and deferrals".

17.3 Foreign loans

In November 2013, NOS signed a Finance Contract with the European Investment Bank for an amount of 110 million euros to support the development of the mobile broadband network in Portugal. In June 2014, the total amount of funds was used. This contract matures in a maximum period of 8 years from the use of the funds, with partial amortisations of 18.3 million euros a year since June 2017. At 31 December 2021, the amount in borrowings totalizes 18.3 million euros.

At 31 December 2021, an amount of 243 thousand euros was deducted from these loan, corresponding essentially to the benefit associated with the fact that the loan with EIB is at a subsidised rate.

All bank borrowings contracted (with the exception of the EIB loan of 18.3 million euros, the bond loan of 300 million euros, and two commercial paper programs of 37.5 and 100 million euros, issued with fix rate and finance leases) are negotiated at variable short-term interest rates and their book value is therefore broadly similar to their fair value.

The maturities of the loans obtained are as follows:

	2020			2021		
	UNTIL 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS	UNTIL 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS
Debenture loan	2,343,210	574,007,242	-	152,510,775	439,384,542	-
Commercial paper	78,531,534	212,462,603	50,000,000	64,408,661	367,477,586	-
Foreign loans	17,637,365	18,078,895	-	18,090,595	-	-
Bank overdrafts	73	-	-	18,525	-	-
Leases	112,853	137,129	-	113,560	132,153	-
	98,625,035	**804,685,869**	**50,000,000**	**235,142,116**	**806,994,281**	**-**

18. PROVISIONS

During the years ended at 31 December 2020 and 2021, the movements recorded in provisions are as follows:

	31-12-2019	INCREASES	REDUCTION	UTILIZATION	31-12-2020
Litigation and others	3,200	74	-	-	3,274
Contingencies - Other	339,218	48,630	(28,188)	-	359,660
	342,418	**48,704**	**(28,188)**	**-**	**362,934**

	31-12-2020	INCREASES	REDUCTION	UTILIZATION	31-12-2021
Litigation and others	3,274	37	-	-	3,311
Contingencies - Other	359,660	25,471	(138,323)	-	246,808
	362,934	**25,508**	**(138,323)**	**-**	**250,119**

Nos exercícios findos em 31 de dezembro de 2020 e 2021, os movimentos refletidos na demonstração dos resultados, decompõem-se da seguinte forma:

	2020	2021
Provisions and adjustments	13,869	(79,431)
Interests and others	6,647	(33,384)
INCREASES AND DECREASES	**20,516**	**(112,815)**

19. ACCRUED EXPENSES

At 31 December 2020 and 2021, this item was as follow:

	2020		2021	
	CURRENT	NON CURRENT	CURRENT	NON CURRENT
Wages and salaries	1,810,253	-	1,769,926	-
Supplies and external services	340,248	-	175,037	-
Share Plan (Note 33)	539,530	505,016	764,638	497,005
Others	-	454,887	-	454,886
	2,690,031	**959,903**	**2,709,601**	**951,891**

20. DEFERRED INCOME

At 31 December 2020 and 2021, this item was as follows:

	2020		2021	
	CURRENT	NON CURRENT	CURRENT	NON CURRENT
Investment grant i)	397,191	4,730,040	397,191	4,230,118
Others	2,118	-	2,118	-
	399,309	**4,730,040**	**399,309**	**4,230,118**

i) Deferred income related to the implicit subsidy calculated when the EIB loans were obtained at interest rates below market value (Note 17.3).

21. DERIVATIVE FINANCIAL INSTRUMENTS

Interest Rate Swaps

At 31 December 2021, NOS had contracted two interest rate swaps totalling of 150 million euros (31 December 2020: 150 million euros), whose maturities expire in 2022. The fair value of interest rate swaps, in the negative amount of 10 thousands euros (31 December 2020: negative amount of 51 thousand euros) was recorded in liabilities, against shareholder's equity.

Equity Swaps

At 31 December 2021, NOS had contracted four equity swaps totalling of 3,004 thousands euros (31 December 2020: 2,728 thousand euros), maturing in March 2022, 2023 and 2024 to cover the delivery of share plans in cash.

	2020				
	NOTIONAL	ASSETS		LIABILITIES	
		CURRENT	NON CURRENT	CURRENT	NON CURRENT
DERIVATIVES					
Interest rate swaps	150,000,000	-	-	-	50,643
Equity Swaps	2,728,336	-	-	346,126	603,904
	152,728,336	**-**	**-**	**346,126**	**654,547**

	2021				
	NOTIONAL	ASSETS		LIABILITIES	
		CURRENT	NON CURRENT	CURRENT	NON CURRENT
DERIVATIVES					
Interest rate swaps	150,000,000	-	-	10,175	-
Equity Swaps	3,003,693	-	105,008	323,434	-
	153,003,693	**-**	**105,008**	**333,609**	**-**

Movements during the year ended on 31 December 2020 and 2021 were as follows:

	31-12-2019	INCOME	EQUITY	31-12-2020
Fair value interest rate swaps	(38,000)	-	(12,643)	(50,643)
Equity swaps	(345,533)	(423,612)	(180,885)	(950,030)
DERIVATIVES	**(383,533)**	**(423,612)**	**(193,528)**	**(1,000,673)**
Deferred income tax assets (Note 13)	86,296	95,313	43,544	225,153
DEFERRED INCOME TAX	**86,296**	**95,313**	**43,544**	**225,153**
	(297,237)	**(328,299)**	**(149,984)**	**(775,520)**

	31-12-2020	INCOME	EQUITY	31-12-2021
Fair value interest rate swaps	(50,643)	-	40,468	(10,175)
Equity swaps	(950,030)	341,969	389,635	(218,426)
DERIVATIVES	**(1,000,673)**	**341,969**	**430,103**	**(228,601)**
Deferred income tax assets (Note 13)	225,153	(53,316)	(96,773)	75,064
Deferred income tax liabilities (Note 13)	-	(23,627)	-	(23,627)
DEFERRED INCOME TAX	**225,153**	**(76,943)**	**(96,773)**	**51,437**
	(775,520)	**265,026**	**333,330**	**(177,164)**

22. ACCOUNTS PAYABLE

At 31 December 2020 and 2021, the amounts that are payable correspond predominantly to loans and interests obtained from group companies (Note 31). At the end of 2021, these loans matured at the interest rate of 0.01% (2020: 0.01%).

23. SERVICES RENDERED

At 31 December 2020 and 2021, this caption corresponds to management services provided to NOS group companies (Note 31).

24. PERSONNEL COSTS

In the years ended on 31 December 2020 and 2021, this item was composed as follows:

	2020	2021
Remunerations	5,926,959	5,521,086
Social taxes	793,224	826,728
Social benefits	107,280	166,493
Others	318	788
	6,827,781	**6,515,095**

In the years ended on 31 December 2020 and 2021, the average number of employees of the Company was 6 and 7, respectively. At 31 December 2021 the number of employees of the Company amounted to 7.

25. SUPPLIES AND EXTERNAL SERVICES

At 31 December 2020 and 2021, this item was composed as follows:

	2020	2021
Support services	1,292,106	1,334,420
Specialised works	435,966	349,852
Insurances	80,497	111,649
Travelling costs	43,604	49,129
Fuels	22,705	31,826
Communications	10,625	18,809
Litigation and notaries	5,552	2,448
Cleaning, hygiene and comfort	3,732	208
Maintenance and repairs	216	382
Other supplies and external services	35,957	67,284
	1,930,960	**1,966,007**

26. OTHER OPERATIONAL LOSSES / (GAINS)

At 31 December 2020 and 2021, this item was composed as follows:

	2020	2021
Contributions	75,704	52,390
Others	72,386	(23,592)
	148,090	**28,798**

27. OTHER LOSSES / (GAINS) NON-RECURRING

This caption in the years ended at 31 December 2020 and 2021 is as follows:

	2020	2021
Donations	15,000	15,000
Fines and penalties	308	263
Others	73,249	79,304
	88,557	**94,567**

28. FINANCIAL COSTS / (REVENUES) AND OTHER FINANCIAL EXPENSES / (INCOME)

During the years ended at 31 December 2020 and 2021, financial costs / (revenues) and other financial expenses / (income), were as follows:

	2020	2021
FINANCIAL COSTS / (REVENUES)		
INTEREST EXPENSES		
Debenture loans	6,892,750	6,926,250
Commercial paper	3,532,670	3,355,502
Bank loans	1,478,392	870,067
Derivatives	71,159	64,613
Related parties (Note 31)	6,729	9,718
Finance leases	5,610	2,643
Others	54,604	14,762
	12,041,914	**11,243,555**
INTEREST EARNED		
Related parties (Note 31)	(25,281,119)	(21,929,324)
Bank deposits	(3,687)	(1,127)
	(25,284,806)	**(21,930,451)**
	(13,242,892)	**(10,686,896)**
NET OTHER FINANCIAL EXPENSES / (INCOME)		
Comissions on commercial paper	2,250,691	1,779,508
Comissions on debenture loans	863,358	845,414
Bank services	47,207	75,135
Comissions on bank loans	23,016	(57,425)
Others	(175,789)	(247,711)
	3,008,483	**2,394,921**

29. LOSSES / (GAINS) OF AFFILIATED COMPANIES

During the years ended at 31 December 2020 and 2021, this caption was as follows:

	2020	2021
DIVIDENDS RECEIVED		
NOS Comunicações	(47,427,122)	(203,720,211)
NOS Property	(8,188,046)	(9,219,086)
NOS Audiovisuais SGPS	(24,445,094)	(8,018,305)
NOS Audio - Sales and Distribution*	(6,395,628)	(5,581,846)
NOS Inovação	(2,700,450)	(3,146,655)
NOS Wholesale	(964,933)	(1,665,535)
NOS Internacional, SGPS	-	(1,565,326)
NOS International Carrier Services	(956,086)	-
NOS Corporate Center	(129,924)	(1,953,571)
Others	(200)	-
	(91,207,483)	**(234,870,535)**
DISPOSALS OF INVESTMENTS IN SUBSIDIARIES (NOTE 9)		
NOS International Carrier Services	(6,479,239)	28,391
	(6,479,239)	**28,391**
OTHERS		
Losses/(loss reversals) for impairment on financial investments (Note 9)	12,950,000	24,100,000
	12,950,000	**24,100,000**
	(84,736,722)	**(210,742,144)**

30. GUARANTEES AND FINANCIAL UNDERTAKINGS

30.1 Guarantees

At 31 December 2020 and 2021, the Company had furnished guarantees in favour of third parties corresponding to the following situations:

	2020	2021
GUARANTEES IN FAVOUR OF:		
Tax authorities i)	28,075,030	28,092,579
Others	143,943	143,943
	28,218,973	**28,236,522**

i) At 31 December 2020 and 2021, this amount relates to the guarantees required by the tax authorities in connection with tax proceedings contested by the Company and its subsidiaries.

Other guarantees

Under the financing obtained by Upstar with the Banco Comercial Português totalling 10 million euros, NOS signed a promissory note in the amount proportional to the shareholding of 30% of the funding.

During the first half of 2015, 2016, 2017 and 2018, and following the settlement notes of CLSU 2007-2009, 2010-2011, 2012-2013 and 2014, respectively, NOS constituted guarantees in favour of the Universal Service Compensation Fund in the amount of 23.6, 16.7, 17.5 and 3 million euros, respectively, in order to prevent the establishment of tax enforcement proceedings in order to enforce recovery of the paid amount.

In addition to the guarantees required by the Tax Authorities were set up sureties for the current fiscal processes. NOS consisted of NOS SA surety for an amount of 14.1 million euros.

30.2 Other undertakings

Covenants

Of the loans obtained (excluding financial leases), in addition to being subject to the Company complying with its operating, legal and fiscal obligations, 100% are subject to cross-default clauses, Pari Passu and Negative Pledge and 87% to ownership clauses.

In addition, approximately 20% of the total loans obtained require that the net financial debt does not exceed 3 times EBITDA, after the payment of consolidated leasings, about 4% of the total loans obtained require that the net financial debt does not exceed 3.5 times EBITDA after the payment of consolidated leasings, about 2% require that the net financial debt does not exceed to 4 times EBITDA after the payment of consolidated leasings, and about 12% require that the net financial debt does not exceed to 5 times EBITDA after the payment of consolidated leasings.

Net Financial Debt = Loans – Leasings – Cash and Cash Equivalents

EBITDA= Operational result + Depreciations, amortizations and impairment losses + Restructuring Costs + Losses/(gains) with disposal of assets + Other costs/(gains) non-recurrent.

EBITDA after the payment of leasings = EBITDA – Leasings Payment (Capital and Interest)

Assignment agreements football broadcasting rights

In December 2015, NOS signed a contract with Sport Lisboa e Benfica - Futebol SAD and Benfica TV, S.A. of television rights of home football games of football NOS' league, broadcasting rights and distribution of Benfica TV Channel. The contract began in 2016/2017 sports season, and has an initial duration of three years and may be renewed by decision of either party to a total of 10 sports seasons, with the overall financial consideration reaching the amount of 400 million euros, divided into progressive annual amounts.

Additional disclosures are made in consolidated financial statements of NOS SGPS.

31. RELATED PARTIES

The balances at 31 December 2020 and 2021, and the transactions at 31 December 2020 and 2021 with companies of NOS Group were as follows:

Balances with related parties – 2020

	ACCOUNTS RECEIVABLE	ACCOUNTS PAYABLE	LOANS	BORROWINGS
SUBSIDIARIES	**207,322,457**	**616,353**	**721,510,000**	**78,906,636**
NOS Audiovisuais SGPS	13,401,070	-	35,000,000	-
NOS Cinemas	(379,548)	-	-	4,710,563
NOS Comunicações	182,926,026	31,481	686,510,000	-
NOS Corporate Center	654,151	584,872	-	5,193,079
NOS Inovação	1,096,549	-	-	15,633,431
NOS Internacional SGPS	(36,577)	-	-	1,672,596
NOS Audio	5,624,980	-	-	28,695,520
NOS Property	3,445,769	-	-	16,319,319
NOS Wholesale	583,384	-	-	6,682,128
Other subsidiaries	6,653	-	-	-
JOINTLY CONTROLLED COMPANIES	**101**	**2,118**	**-**	**-**
OTHER RELATED PARTIES	**27,807,920**	**21,508**	**-**	**18,678,044**
NOS Açores Comunicações	1,320,312	-	-	-
NOS Audiovisuais	8,565,614	-	-	-
NOS Sistemas	1,002,147	-	-	873,688
Per-Mar	16,996	-	-	2,352,369
Sontária	37,810	-	-	1,601,762
NOS Technology	16,900,243	21,139	-	-
NOS Madeira Comunicações	(53,018)	-	-	13,667,825
Other related parties	17,816	369	-	182,400
	235,130,478	**639,979**	**721,510,000**	**97,584,680**

Transactions with related parties – 2020

	SERVICES RENDERED	SUPPLIES AND EXTERNAL SERVICES	INTEREST GAINS	INTEREST LOSSES
SUBSIDIARIES	**9,959,242**	**1,370,763**	**24,677,008**	**5,815**
NOS Audiovisuais SGPS	153	-	1,392,106	-
NOS Cinemas	275,358	(35)	34	481
NOS Comunicações	8,189,772	(144,417)	23,265,239	-
NOS Corporate Center	240,634	1,515,433	342	282
NOS Inovação	461,518	(35)	2,470	978
NOS Property	285,019	(17)	76	884
NOS Audio	447,905	(166)	-	2,597
Other subsidiaries	58,884	-	16,741	593
OTHER RELATED PARTIES	**4,608,762**	**2,964**	**870,285**	**1,209**
NOS Towering	533,554	-	13,284	149
NOS Technology	3,296,141	3,335	585,996	-
NOS Audiovisuais	522,474	(35)	155,463	-
NOS Açores Comunicações	30,766	-	69,811	-
NOS Sistemas	87,536	-	39,799	19
Other related parties	138,290	(335)	5,933	1,042
	14,568,004	**1,373,727**	**25,547,293**	**7,025**

Balances with related parties – 2021

	ACCOUNTS RECEIVABLE	ACCOUNTS PAYABLE	LOANS	BORROWINGS
SUBSIDIARIES	**568,672,144**	**943,141**	**732,456,500**	**88,312,315**
NOS Audiovisuais SGPS	2,399,181	-	45,946,500	-
NOS Cinemas	571,938	-	-	13,696,246
NOS Comunicações	556,880,383	15,662	686,510,000	-
NOS Corporate Center	358,861	472,593	-	2,493,599
NOS Inovação	(76,885)	-	-	15,528,891
NOS AUDIO - Sales And Distribution, S.A.	3,821,391	454,886	-	29,737,118
NOS Property	3,646,510	-	-	17,312,954
NOS Wholesale	607,507	-	-	9,503,467
MSTAR, SA	466,944	-	-	-
Other subsidiaries	(3,686)	-	-	40,040
JOINTLY CONTROLLED COMPANIES	**101**	**2,118**	**-**	**-**
OTHER RELATED PARTIES	**18,306,878**	**20,472**	**-**	**52,271,589**
NOS Açores Comunicações	2,913,792	-	-	-
NOS Audiovisuais	1,832,791	-	-	26,380,929
NOS Sistemas	1,604,954	-	-	-
Per-Mar	3,880	-	-	73,099
Sontária	28,719	-	-	379,902
NOS Technology	12,362,271	20,193	-	11,223,963
NOS Internacional SGPS	(30,487)	-	-	-
NOS Madeira Comunicações	(419,202)	-	-	14,181,659
Other related parties	10,160	279	-	32,036
	586,979,122	**965,731**	**732,456,500**	**140,583,904**

Transactions with related parties - 2021

	SERVICES RENDERED	SUPPLIES AND EXTERNAL SERVICES	INTEREST GAINS	INTEREST LOSSES
SUBSIDIARIES	**9,152,830**	**1,166,942**	**21,837,414**	**7,690**
NOS Audiovisuais SGPS	-	-	1,058,599	-
NOS Cinemas	353,186	(92)	-	729
NOS Comunicações	7,818,937	(196,197)	20,775,949	-
NOS Corporate Center	137,359	1,370,002	2,663	281
NOS Inovação	257,937	(145)	-	1,530
NOS Property	257,141	(6,076)	-	1,471
NOS Audio	289,182	(463)	-	2,885
Other subsidiaries	39,088	(88)	203	794
OTHER RELATED PARTIES	**4,585,938**	**2,271**	**357,356**	**2,026**
NOS Technology	3,573,826	3,186	128,630	-
NOS Audiovisuais	685,542	(145)	116,586	762
NOS Açores Comunicações	33,693	-	62,238	-
NOS Sistemas	143,910	(18)	49,104	(19)
Other related parties	148,967	(752)	798	1,283
	13,738,767	**1,169,213**	**22,194,771**	**9,716**

The Company regularly performs transactions and signs contracts with several parties within the NOS Group. Such transactions were performed on normal market terms for similar transactions, as part of the contracting companies' current activity.

Due to the large number of low value related parties' balances and transactions, it was grouped in the heading "Other related parties" the balances and transactions with entities whose amounts are less than 100 thousand euros.

32. REMUNERATION EARNED BY MANAGEMENT

The remuneration earned by management of NOS, for the years ended at December 2020 and 2021 were as follows:

	2020	2021
Fixed remunerations	3,222,435	3,245,942
Profit Sharing / Bonus	1,242,958	1,289,558
Share-based compensation plans	1,045,217	1,289,558
	5,510,610	**5,825,058**

The amounts presented in the table were calculated on an accrual's basis for the fixed remuneration and profit sharing / bonus (short-term remunerations). The amount of Share-based compensation plans corresponds to the amount assigned in 2022 related to 2021 performance (and assigned in 2021 related to the 2020 performance). The average number of members' key of management in 2021 is 17 (16.5 in 2020). The Corporate Governance Report includes detailed information about NOS' remuneration policy.

The Company considered as Directors the members of the Board of Directors.

33. SHARE INCENTIVE SCHEMES

On 23 April 2014, in the General Shareholders Meeting the Regulation on Short and Medium-Term Variable Remuneration was approved, which establishes the terms of the Share Incentive Schemes ("NOS Plan"). This plan is aimed at more senior employees with the vesting taking place three years after being awarded, assuming that the employees are still with the company during that period.

As at 31 December 2021, the unvested plans are:

	NUMBER OF SHARES
NOS PLAN	
Plan - 2019	761,557
Plan - 2020	1,411,601
Plan - 2021	1,276,908

During the year ended on 31 December 2021, the movements that occurred in the plans are detailed as follows:

	PLAN 2018	PLAN 2019	PLAN 2020	PLAN 2021	TOTAL
BALANCE AS AT 31 DECEMBER 2020	**912,727**	**784,163**	**1,454,680**	**-**	**3,151,570**
MOVEMENTS IN THE PERIOD:					
Awarded	-	-	-	1,184,127	1,184,127
Vested	(863,266)	(36,954)	(61,998)	(808)	(963,026)
Cancelled / elapsed / corrected (1)	(49,461)	14,348	18,919	93,589	77,395
BALANCE AS AT 31 DECEMBER 2021	**-**	**761,557**	**1,411,601**	**1,276,908**	**3,450,066**

(1) refers mainly to corrections 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, which may be made through the purchase of shares at a discount.

The share plans costs are recognised over the year between the award and vesting date of those shares. The responsibility is calculated taking into consideration the share price at attribution date of each plan or at closing date, for the plans liquidated in cash. As at 31 December 2021, the outstanding responsibility related to these plans is of 6,123 thousand euros, and is recorded in reserves, for an amount of 4,861 thousand euros, for the plans liquidated in shares, and in accrued expenses, for an amount of 1,262 thousand euros, for the plans liquidated in cash. Additionally, the Company holds a balance receivable from its subsidiaries, in the amount of 4,180 thousand euros, related to share plans with their employees (Note 31). The average weighted cost of the shares vested in the period may be calculated based on the information disclosed in Note 16.3, namely the number and value of the shares.

The costs recognised in previous years and in 2021, and the respective responsibilities are as follows:

	ACCRUED EXPENSES	RESERVES	TOTAL
Costs recognised in previous years related to plans as at December 31, 2020	1,044,547	5,140,637	6,185,184
Plans of costs vested in the period	-	(3,868,015)	(3,868,015)
Costs recognised in the period*	217,096	3,588,842	3,805,938
TOTAL PLANS COSTS	**1,261,643**	**4,861,464**	**6,123,107**

*Include the costs recognised by the Company and subsidiaries

34. LEGALLY REQUIRED DISCLOSURES

The fees charged for the years ended on 31 December 2020
and 2021 by Statutory Auditor are detailed as follows:

	2020	2021
Statutory audit	80,962	51,824
AUDIT SERVICES	**80,962**	**51,824**
NON-AUDIT SERVICES	**2,400**	**69,900**
NON-AUDIT SERVICES REQUIRED BY LAW	**21,000**	**21,000**
TOTAL	**104,362**	**142,724**

35. OTHER MATTERS

35.1 COVID-19

At the end of 2019, the virus, SARS-COV-2, which causes severe respiratory infection, was identified for the first time in humans. During 2020, the disease caused by the virus (COVID-19) was classified by the World Health Organization (WHO) as a pandemic. Since then, several measures have been taken to contain the virus, forcing the world to change its habits, with travel restrictions and closure of several facilities and establishments, with varying levels over these two years, according to the degree of spread and severity perceived by public health experts.

As a result of the population's confinement measures, people and companies were forced to adapt to a new reality, transforming the way they work and the way we socialize.

Given the uncertainties, it is essential that companies design and implement, in a timely manner, structured and efficient contingency plans that guarantee employee protection and business continuity or that, at least, mitigate the resulting effects.

Health and safety risk and business interruption
In this context, from the very first moment, NOS has a permanent COVID-19 Monitoring Office, whose mission is to provide the organization with the necessary conditions to manage this risk, as well as to analyse and monitor the evolution of the different phases. The main objectives of the COVID-19 Monitoring Office are to ensure that NOS, its Companies, its Employees and Partners are prepared to face the COVID-19 Pandemic, in order to:

i) Minimize the health impact to employees and to all those with whom they;

ii) Guarantee business continuity, ensuring the provision of services considered critical, for which it is necessary to certify the availability of key resources - employees, suppliers, agents, partners, etc. - and the need to adapt to the specific requirements of clients.

Liquidity and interest rate risk
Prudent liquidity risk management implies maintaining an adequate level of cash and cash equivalents to meet assumed liabilities, associated with the negotiation of credit lines with financial institutions.

At 31 December 2021, the average maturity of the group's financing is 2.2 years, with no non-compliance with the covenants due to the reduction in results projected for this year, being expected.

Credit risk
Credit risk is essentially related to credit for services provided to customers, monitored on a regular business basis and for which expected credit losses are determined considering: i) the customer's risk profile; ii) the average receipt period; iii) the client's financial condition; and iv) future perspective of the evolution of the collections.

Impacts
This is a situation of uncertainty and very dynamic, which makes it extremely difficult to estimate impacts, which always have to consider several scenarios and countless variables. Evidence of this difficulty is the historical drops and sharp volatility of exchanges, all over the world; the great variations that occurred in the last quarters of the future projections of macroeconomic indicators, as well as the disparity of these projections between the various agencies.

Additional information regarding the impact of the extraordinary measures adopted by the Group in this context is disclosed in the consolidated financial statements (COVID-19 impact note).

In terms of the projection of future impacts, these will depend on the extent, the spread of the virus and the containment measures, which makes it difficult to predict the scale of the impact, knowing however that

it will occur in the areas identified above. Despite this uncertainty, and taking into account the most recent projections on the evolution of the pandemic and the Portuguese economy, an improvement in the activity of the various NOS business segments is projected in the coming quarters. Additionally, NOS' capital structure is close to the threshold of 2x Net Financial Debt / EBITDA After Leasing Payments (EBITDA - Leasing Payments (Capital and Interest)), so the Board of Directors believes that the company will overcome the negative impacts caused by this crisis, without compromising the continuity of the business, a conviction demonstrated with the maintenance of the shareholders' remuneration policy.

35.2 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.

Additionally, on 12 June 2020, ZOPT was notified of the order issued by the Lisbon Central Criminal Investigation Court, which authorizes it to exercise the voting right corresponding to the 26.075% of NOS share capital preventively seized under the aforementioned Court order.

Still in June 2020, the Investigating Judge rejected the third-party embargoes deducted by ZOPT based on the Portuguese courts' inability to assess and decide upon them. This decision, having been appealed by ZOPT, was revoked by the 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. Further developments are awaited.

36. SUBSEQUENT EVENTS

In January 2022, the Public Ministry (MP) with the National Service for the Recovery of Assets of the PGR, on behalf of the Angolan State, requested, in the County Court of Luanda, i) the replacement of the current trustees of Finstar and ZAP companies Media (current Boards of Directors of the companies) (Note 12) by the Ministry of Telecommunications, Information Technologies and Social Communication (MTTICS), as well as, ii) the disqualification of Isabel dos Santos' right to vote, requests that the Court deferred. We await the final decision and the developments of this decision, in order to understand the impacts on the management of the business, being currently a conviction of the Board of Directors of NOS - based on the statements that have been made by the new trustee, the MTTICS - that the activity of companies will continue to develop normally.

Up until this document's date of approval, no other relevant events that are worth being mentioned in this report took place.

These financial statements are a translation of financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards (IAS / IFRS) as adopted by the European Union and the format and disclosures required by those Standards, some of which may not conform to or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

REPORT AND OPINION OF THE STATUTORY AUDITOR

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Statutory and Auditor's Report

REPORT ON THE AUDIT OF THE CONSOLIDATED AND INDIVIDUAL FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated and individual financial statements of NOS, S.G.P.S., S.A. (the Group), which comprise the Consolidated and Individual Statements of Financial Position as at 31 December 2021 (showing a total of 3,259,395 thousand euros and 2,687,281 thousand euros, respectively, a consolidated and individual total equity of 963,000 thousand euros and 1,489,746 thousand euros, respectively, including a consolidated net profit for the year attributable to the equity holders of the parent of 144,159 thousand euros and an individual net profit for the year of 220,719 thousand euros), and the Consolidated and Individual Statements of Comprehensive Income, the Consolidated and Individual Statements of Changes in Equity and the Consolidated and Individual Statements of Cash Flows for the year then ended, and accompanying notes to the consolidated and individual financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and individual financial statements give a true and fair view, in all material respects, of the consolidated and individual financial position of NOS, S.G.P.S., S.A. as at 31 December 2021 its consolidated and individual financial performance and its consolidated and individual cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and guidelines as issued by the Institute of Statutory Auditors. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated and individual financial statements" section below. We are independent of the entities comprising the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Institute of Statutory Auditors´ code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 50.2 included in the Notes to the consolidated financial statements and Note 35.2 included in the Notes to the individual financial statements regarding the preventive seizure of 26,075% of the Entity's share capital. Our conclusion is not modified in respect to these matters.

Key audit matters – Consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We describe below the key audit matters relevant to the current period, regarding consolidated financial statements:

Sociedade Anónima - Capital Social 1.335.000 euros - Inscrição n.º 178 na Ordem dos Revisores Oficiais de Contas - Inscrição N.º 20161480 na Comissão do Mercado de Valores Mobiliários
Contribuinte N.º 505 988 283 - C. R. Comercial de Lisboa sob o mesmo número - Sede: Av. da República, 90 - 6.º - 1600-206 Lisboa
A member firm of Ernst & Young Global Limited

1. Recognition and measurement of revenue given the complexity of systems and the existence of several contracts with multiple performance obligations

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
The Group's revenues consist essentially of: ► Revenue from telecommunications services, namely: i) Cable television services, fixed broadband and fixed voice; ii) satellite television; ii) mobile broadband and voice services; ► Advertising revenue; and ► Revenue from production and distribution of content and channels. The complexity of information systems that support a significant volume of transactions, combined with the existence of multiple performance obligations, represent a significant audit risk. The process of revenue recognition and measurement involves significant judgement on the part of Management as disclosed in Note 2.3.19 to the financial statements, with particular regard to the appropriate allocation of revenue to each of the performance obligations and estimates of discounts and offers to be granted to customers.	Our approach to the risk of material misstatement included (i) a global response to the way the audit was conducted overall and (ii) a specific response involving a combined approach of assessing controls and performing substantive procedures, including: ► Involvement of internal experts in the evaluation of the Group's information technology general controls and in the test of the application controls of the most relevant revenue processes; ► Execution of specific audit procedures to assess the operational effectiveness of the controls identified as relevant during all the economic period, including during the confinement period resulting from the Covid-19 Pandemic, especially: i) conciliations between systems; ii) testing the controls of the Bill Cycle Review; and iii) validation of the key controls operating throughout the end-to-end process; ► Analysis of the various types of contracts in order to identify the specific performance obligations of the contracts, such as services, goods, prices, discounts and offers. Our procedures included verifying the correct allocation of revenue to the various services/goods identified; ► Analytical review tests of the disaggregated revenue, comparing it with the same period of the previous year and with the expectation formed based on projected and actual indicators of the Group's performance, including: i) revenue market share; ii) RGU's (Revenue Generating Units); and iii) ARPU (Average Revenue Per User); and ► We assessed the adequacy of the applicable disclosures, included in the Notes 2.3.19 and 31 of the financial statements, particularly the disclosure of management judgments regarding the performance obligations included in the contracts with clients.

REPORT AND OPINION OF THE STATUTORY AUDITOR

2. Goodwill impairment

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As at 31 December 2021, the carrying amount of Goodwill is 641 million euros (2020: 641 million euros), representing 20% (2020: 20%) of the Group's total assets. Goodwill is allocated to Telco and Audiovisual segments. The possible existence of impairment of Goodwill was considered a key audit matter due to the significance of the amounts to the Group's financial position and due to the complexity involved in the impairment assessment process, which includes assumptions such as future market and economic conditions, market share, revenue and margin evolution. The Covid-19 Pandemic had a significant impact on the economy, affecting the projected cash-flows of several segments of the Group, with emphasis on the Audiovisuals Segment. In a context of uncertainty that is reflected in the way the Covid-19 Pandemic will affect the cash flow generation in the coming years, the use of prospective information in the business plans requires significant judgement by the management.	We assessed the assumptions used in the valuation models prepared by management, namely cash flow projections, discount rates, inflation rates, perpetuity growth rate and sensitivity analysis. We were supported, in the performance of these procedures, by internal specialists in business valuations. We evaluated the reliability of the assumptions used in the development of the business plan when compared to prior periods and as compared to historical data and external information. We also analyzed the expectations and impacts of the assumptions estimated by management, as a result of the Covid-19 Pandemic, considering the business segment and the outlook on the future development of the business, obtained through internal and external sources. We evaluated the clerical and arithmetic accuracy of the models used. We focused on the sensitivity analysis of the two cash generating units, in order to validate the appropriateness of the disclosures included in Note 9 to the financial statements, reflecting the results of the impairment tests carried out, which also included sensitivity analyzes to more adverse scenarios than those commonly used. We verified compliance with the applicable disclosure requirements (IAS 36), as well as the specific disclosures regarding Covid-19 Pandemic impact included in Notes 9 and 50.1 to the financial statements.

Building a better working world

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3. Cost capitalization and assessment of the useful lives attributable to tangible, intangible assets and contract with costumers' costs

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
Capitalization of expenditure and determination of useful lives attributable to assets are accounting estimates where management uses significant judgement, as disclosed in Notes 2.3.3, 2.3.5, 2.3.6 and 3.1 to the financial statements. The risks identified are related to the possibility that the capitalized costs do not comply with the capitalization requirements prescribed in the applicable accounting standards or that the tangible and intangible assets and contract with costumers' costs' useful lives are not appropriate or consistent with the period during which economic benefits from the use of those assets will flow to the Group. The subsequent measurement of the amounts recognized as assets requires a continued assessment of the existence of impairment indicators.	We performed specific audit procedures to assess the operational effectiveness of internal controls considered relevant in order to assess whether: ► The capitalization criteria are compliant with the Group's policy; and ► The assets' useful lives are approved by management and are reviewed on a yearly basis. In addition, we analyzed capitalized costs by nature and assessed whether the capitalization requirements were met. In what concerns useful lives, we tested their consistency and appropriateness considering the specificities of the Group's revenue recognition and the practices of the Sector in which the Group operates.

REPORT AND OPINION OF THE STATUTORY AUDITOR

4. Recognition, measurement and disclosure of tax, regulatory and legal contingencies

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
The Provisions account and Note 46 – Legal processes in course, contingent assets and contingent liabilities of the Notes to the financial statements, refer to obligations for tax, regulatory and legal contingencies. Management periodically evaluates potential liabilities arising from past events the probability for which implies the recognition of a provision and/or a disclosure in the financial statements. This evaluation results from a process involving significant judgment on the part of the Group's management. The risks identified are both in the assessment of the likelihood of outflows of resources from the Group as well as in the quantification of the liability or of the contingent liability.	Our approach to the risk of material misstatement included the following procedures: ▸ Analysis of the controls established in the Group to identify situations likely to give rise to the recognition of provisions or the disclosure of tax, regulatory and legal contingent situations; ▸ Obtaining external confirmations from all the lawyers with whom the Group has relations; obtaining explanatory memoranda prepared by external and internal lawyers for the main proceedings in progress; reading the minutes of the Group's various Committees and Commissions; and analysis of the arguments used by management for the graduation of each contingency; ▸ Involvement in the audit of internal experts in tax matters; ▸ Evaluation of the probabilities of the outcome of contingencies taking into account not only the historical decisions as well as the conclusion of similar processes in other entities in the sector; and ▸ Validation of the disclosures included in the Notes to the financial statements related to Provisions and Legal processes, contingent assets and contingent liabilities. In relation to regulatory and legal provisions, the following procedures were also performed: ▸ Quarterly meetings with the Group's Regulatory and Financial Departments to take note of new contingencies and obtain an update on any situations known in previous periods; ▸ Analysis of the newsletters issued by the sector regulator (ANACOM) and its decisions on specific issues of regulation of the sector and assessment of their possible impact on the Group's financial statements; and ▸ Analysis of National and International Regulation Reports prepared by the Group's Regulatory Department.

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5. Impairment of trade accounts receivable

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
Impairment of trade receivables amounts to 197.6 million Euros as at 31 December 2021 (2020 – 195.1 million Euros), representing approximately 38% (2020: 40%) of the total balance of trade accounts receivable. The impairment testing of accounts receivable is one of the key areas of judgment for management. The identification of the accounts receivable impaired and the determination of the recoverable amount is a process that involves the analysis of several assumptions and factors, including the aging of the debt, the financial condition of the debtor, the expectation of default and of collection and the forward-looking expected credit loss. In specific cases, the use of complex models and assumptions may produce significantly different estimates of impairment of trade receivables, involving a significant volume of information. Audit risk arises from the significant judgment used in this type of calculation and is increased by the large volume of information managed in different information systems, which requires complex calculations and various assumptions based on historical data and forward-looking expectations.	Our approach to the risk of material misstatement included: i) a global response in the way the audit was conducted overall; and ii) a specific response involving a combined approach of assessing controls and performing substantive procedures on collections, recovery of overdue debts, analysis of the variables included in the forward-looking expected credit loss and the calculation of trade receivables impairment as well as the assumptions used by management to define the quantification of the impairment losses to be recognized. We have analyzed the assumptions underlying the quantification of the trade receivables impairment loss based on a forward-looking expect credit approach, which takes into account the ageing of the debt, the financial capacity of the debtors, the historical trends of collections and the forward-looking expect credit loss variables. In addition, we performed sensitivity analysis regarding the assumptions used by the Group. We assessed the adequacy of the applicable disclosures, included in the Notes 2.3.10, 3.1, 4.1, 18 and 40 of the financial statements, particularly the judgments defined by Management, regarding the calculation of expected credit losses resulting from trade receivables balances using a provision matrix.

Key audit matters – Individual financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the individual financial statements of the current period. These matters were addressed in the context of our audit of the individual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We describe below the key audit matters relevant to the current period, regarding individual financial statements:

REPORT AND OPINION OF THE STATUTORY AUDITOR

1. Goodwill and Financial investments impairment

Description of the most significant assessed risks of material misstatement	Summary of our response to the most significant assessed risks of material misstatement
As at 31 December 2021, the carrying amounts of Goodwill and Financial investments are 454 million Euros (2020: 454 million Euros) and 908 million Euros (2020: 926 million Euros), respectively, representing 51% of the total assets in the individual financial statements (2020: 56%). The possible existence of impairment of Goodwill and Financial investments was considered a key audit matter due to the significance of the amounts on the Entity's financial position and to the complexity involved in the impairment assessment process, which includes assumptions such as future market and economic conditions, market share, revenue and margin evolution. In addition, in the case of the financial investments indirectly held in two entities based in Angola, subjectivity is increased due to the existence of an uncertain economic context and, mainly, in view of the lawsuit filed, in 2020, by the Luanda Provincial Court against the main shareholder of these entities, resulting in the seizure of part of her assets in Angola, including her shares in these entities and consequently, in January 2022, The Public Ministry requested the replacement of the current trustees of the mentioned entities by the Ministry of Telecommunications, Information Technologies and Social Communication (MTTICS). The Covid-19 Pandemic had a significant impact on the economy, affecting the cash flow projections of the several segments, with emphasis on the Audiovisual segment. In a context of uncertainty about how the Covid-19 pandemic will affect the cash flow generation profile in the coming years, the use of prospective information in the business plans requires significant judgement by the management.	We assessed the assumptions used in the valuation models prepared by management, namely cash flow projections, discount rates, inflation rates, perpetuity growth rate and sensitivity analysis. We were supported, in the performance of these procedures, by internal specialists in business valuations. We evaluated the reliability of the assumptions used in the development of the business plan when compared to prior periods and as compared to historical data and external information. We also analyzed the expectations and assumptions estimated by the management as a result of the Covid-19 Pandemic, considering the business segment and the perspectives on the future evolution of the business, obtained through internal and external sources. We evaluated the clerical and arithmetic accuracy of the models used. Regarding Goodwill, we focused specifically on the sensitivity analysis of the two cash-generating units test. Regarding the analysis of the recoverability of investment in Angola, we considered: (i) The economic conditions in Angola and the vicissitudes of the lawsuit filed against the shareholder; (ii) the regulatory framework for the telecommunications sector in Angola; (iii) the review of the report of the external auditor, not belonging to the EY network, of the two entities including: i) the review of the working papers of that auditor; ii) journal entries testing for balances and transactions with related parties; and iii) other tests carried out with the assistance of internal experts in forensic audits; (iv) an opinion, prepared by a Law firm specially hired for this purpose, on the impacts relating to the entities of the legal proceedings involving its main shareholder; and (v) the analysis of the impairment test carried out by NOS, which consisted in determining the recoverable value measured by its value in use. The analysis was carried out with the support of valuations specialists. We verified that the disclosures included in Notes 7 and 9 of the financial statements reflect the results of the impairment tests carried out and the respective sensitivity analysis, taking into account variables such as the number of customers, price changes and discount rates; or, in the particular case of the financial investments in Angolan entities, the risk adjustment relating to the uncertainty of the current context. Additionally, we verified that the impairment tests carried out also included sensitivity analysis to more adverse scenarios than those commonly used, and we assessed on specific disclosures regarding the impact of Pandemic Covid-19 included in Note 35.1 of the financial statements. We confirmed that the remaining applicable disclosure requirements were met (IAS 36, IFRS 12 and IFRS 13).

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Responsibilities of management and the supervisory board for the consolidated and individual financial statements

Management is responsible for:

- the preparation of the consolidated and individual financial statements that presents a true and fair of the Group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union;
- the preparation of the Integrated Management Report, the Corporate Governance Report and the consolidated non-financial statement (included in the Integrated Management Report), in accordance with the law and regulation;
- the design and maintenance of an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of the appropriate accounting policies considering the circumstances; and
- the assessment of the Group's ability to continue as a going concern, disclosing, as applicable, matters that may raise significant doubts about going concern.

The supervisory board is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and individual financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and individual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and individual financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated and individual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and individual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated and individual financial statements, including the disclosures, and whether the consolidated and individual financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

REPORT AND OPINION OF THE STATUTORY AUDITOR

Responsibilities of management and the supervisory board for the consolidated and individual financial statements

Management is responsible for:

- the preparation of the consolidated and individual financial statements that presents a true and fair of the Group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union;
- the preparation of the Integrated Management Report, the Corporate Governance Report and the consolidated non-financial statement (included in the Integrated Management Report), in accordance with the law and regulation;
- the design and maintenance of an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of the appropriate accounting policies considering the circumstances; and
- the assessment of the Group's ability to continue as a going concern, disclosing, as applicable, matters that may raise significant doubts about going concern.

The supervisory board is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and individual financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and individual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and individual financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated and individual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and individual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated and individual financial statements, including the disclosures, and whether the consolidated and individual financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

NOS, S.G.P.S., S.A.
Statutory and Auditors' Report
(Translation from the original document in Portuguese language
In case of doubt, the Portuguese version prevails)
31 December 2021

financial statements due to fraud. As a result of our work we have not identified any material misstatement to the consolidated and individual financial statements due to fraud;

- We confirm that our audit opinion is consistent with the additional report to the supervisory board that we have prepared and delivered today to the supervisory board of the Group; and
- We declare that we have not provided any prohibited services pursuant to article 77, nr. 8 of the Statute of the Institute of Statutory Auditors and we have remained independent of the Group in conducting the audit.

European Single Electronic Format (ESEF)

The accompanying consolidated financial statements of NOS, S.G.P.S., S.A. for the year ended 31 December of 2021 must comply with the applicable requirements set out in the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (ESEF Regulation).

Management is responsible for preparing and disclosing the annual integrated report in accordance with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements, included in the annual integrated report, are presented in accordance with the requirements set out in the ESEF Regulation.

Our procedures considered the OROC Technical Application Guide (GAT 20) on report in ESEF and included, among others:

- obtaining an understanding of the financial reporting process, including the submission of the annual report in valid XHTML format; and
- the identification and evaluation of the risks of material distortion associated with the marking-up of the information of the financial statements, in XBRL format using iXBRL technology. This evaluation was based on the understanding of the process implemented by the Group to mark-up the information.

In our opinion, the accompanying consolidated financial statements included in the annual integrated report are presented, in all material respects, in accordance with the requirements set out in the ESEF Regulation.

Porto, 3rd March 2022

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas
Represented by:

(Signed)

Sandra e Sousa Amorim (ROC nr. 1213)
Registered with the Portuguese Securities Market Commission under license nr. 20160824

STATEMENT UNDER THE TERMS OF ARTICLE 245, PARAGRAPH 1, SUBPARAGRAPH C) OF THE PORTUGUESE SECURITIES CODE

In accordance with Article 245, paragraph 1, c) of the Securities Code, the Board of Directors of NOS, SGPS, S.A., whose names and roles are listed below, declare that, to their knowledge:

a) The management report, the annual individual and consolidated accounts, the legal certification of accounts, required by law or regulation, relative to the year ended 31 December 2021, were elaborated in compliance with the applicable accounting standards, accurately and truthfully portraying the assets and liabilities, the company's financial situation and results, as well as those of the companies included in its consolidation perimeter;
b) The management report faithfully portrays the evolution of the company's business, performance and position, as well as those of the companies included in its consolidation perimeter and, when applicable, contains a description of the main risks and uncertainties they face.

Lisbon, 3 March 2022

THE BOARD OF DIRECTORS

ANGELO PAUPÉRIO
Chairman of the Board of Directors

MIGUEL ALMEIDA
Chief Executive Officer

JOSÉ PEDRO PEREIRA DA COSTA
Vice President – CFO

DANIEL BEATO
Executive Member of the Board of Directors

FILIPA SANTOS CARVALHO
Executive Member of the Board of Directors

JORGE GRAÇA
Executive Member of the Board of Directors

LUIS NASCIMENTO
Executive Member of the Board of Directors

MANUEL RAMALHO EANES
Executive Member of the Board of Directors

ANTÓNIO DOMINGUES
Member of the Board of Directors

ANTÓNIO LOBO XAVIER
Member of the Board of Directors

CATARINA TAVIRA VAN-DÚNEM
Member of the Board of Directors

CLÁUDIA AZEVEDO
Member of the Board of Directors

CRISTINA MARQUES
Member of the Board of Directors

JOÃO TORRES DOLORES
Member of the Board of Directors

JOAQUIM DE OLIVEIRA
Member of the Board of Directors

JOSÉ DE FREITAS
Member of the Board of Directors

RITA RODRIGUES
Member of the Board of Directors

REPORT AND OPINION OF THE STATUTORY AUDIT BOARD

Shareholders,

According to the articles of association, the supervision of the Company is committed to a Statutory Audit Board, comprised of three full members and one alternate member, elected by the General Meeting, as well as to a Statutory Auditor or Firm of Chartered Accountants.

In these circumstances, as set forth in paragraph 1, sub-paragraph g), of Article 420° of the Portuguese Companies Code, we hereby submit our Report on our Supervision Activity and our Opinion on the Individual and Consolidated Annual Report and Accounts of NOS, SGPS, S.A. ("Company") for the financial year ended on 31 December 2021.

The Statutory Audit Board has regularly accompanied the evolution of the activities of the Company and of its main subsidiaries, monitoring the compliance with the law and with the articles of association, supervising the Company's management, the effectiveness of its risk management systems, internal control and internal auditing and the preparation and disclosure of individual and consolidated financial information. Moreover, the Statutory Audit Board verified the regularity of the accounting records, the accuracy of the individual and consolidated financial statements and the accounting policies and valuation criteria adopted by the Company in order to ensure that they lead to a correct appraisal of its assets and individual and consolidated profits, as well as its cash flow statements.

As part of its duties, the Statutory Audit Board met with the Statutory Auditor and External Auditors in order to monitor their audits and learn their conclusions, supervising the works performed by the Statutory Auditor and External Auditors and their independence and competence. The Statutory Audit Board also met on a regularly basis with the heads of the Internal Audit Department and Legal Department, and the Board Member responsible for the financial area whenever was deemed fit and appropriate. The Statutory Audit Board received full cooperation from all at all times.

The Statutory Audit Board monitored the whistleblowing system. This system is available to all shareholders, employees and to the general public. As for the Corporate Governance report, it is the duty of the Statutory Audit Board to merely verify that it includes the elements referred to in Article 245-A of the Portuguese Securities Code, which the Statutory Audit Board did.

The Statutory Audit Board also received from the Statutory Auditor a letter confirming its independence in relation to the Company.

As such, the Statutory Audit Board issues the following

OPINION:

The Statutory Audit Board was informed about the conclusions of the work of the examination of the Company's accounts and external auditing on the Individual and Consolidated Financial Statements for the financial year of 2021, which include the individual and consolidated financial position in 31 December 2021, the individual and consolidated Statements by nature, the individual and consolidated Statements of comprehensive income, the individual and consolidated Statement of changes in equity, the individual and consolidated cash flow Statement and its respective Annexes. The Statutory Audit Board scrutinized the Audit Report from the Statutory Auditor and External Auditors on these documents which expressed no reservations.

Within its powers, and according to paragraph 1, subparagraph c) of the article 245.° of the Portuguese Securities Code, the Statutory Audit Board declares that, to its knowledge, the Management Report, and the Individual and Consolidated Financial Statements for the financial year ended on 31 December 2021 were drawn up in accordance with the applicable accounting standards, reflecting a true and fair view of the assets and liabilities, financial position and results of NOS, SGPS, S.A. and the companies included in the consolidation as a whole. Additionally, the Management Report faithfully states the businesses' evolution, and the performance and position of the company and of the Group. It also complies with the applicable legal requirements and accounting standards as well as with the articles of association and, whenever deemed necessary, contains a description of the principal risks and uncertainties faced. It is also mentioned that the Non-Financial Statements contain enough information to allow an understanding of the performance, position and impact of the group's activities, related to the matters of environmental, social and worker issues, gender equality, non-discrimination, respect for human rights, fight against corruption and attempts at bribery.

The Statutory Audit Board also ensures that the Company's Corporate Governance Report, which will be announced at the same time as the Management Report, includes the elements referred to in Article 245-A of the Portuguese Securities Code.

In view of the above, taking into account the opinion and the information received from the Board of Directors, the Company's departments, the Statutory Auditor and the External Auditor, the Statutory Audit Board opinion is as follows:

i. The Management Report for 2021 may be approved;

ii. The Individual and Consolidated Financial Statements for 2021 may be approved;

iii. The Proposal for the Application and Distribution of Profits presented by the Board of Directors, namely taking into account Article 32 of the Portuguese Companies Code, as per the Law Decree nr. 185/2009 of 12th of August,

may be approved.

Lisbon, 3 March 2022

THE STATUTORY AUDIT BOARD

JOSÉ PEREIRA ALVES
Chairman of the Statutory Audit Board

PAULO MOTA PINTO
Member of the Statutory Audit Board

PATRÍCIA TEIXEIRA LOPES
Member of the Statutory Audit Board

CORPORATE GOVERNANCE REPORT

04

04

CORPORATE GOVERNANCE REPORT

PART 1 **286**
MANDATORY INFORMATION CONCERNING SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

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CORPORATE GOVERNANCE ASSESSMENT

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ANNEX

PART 1

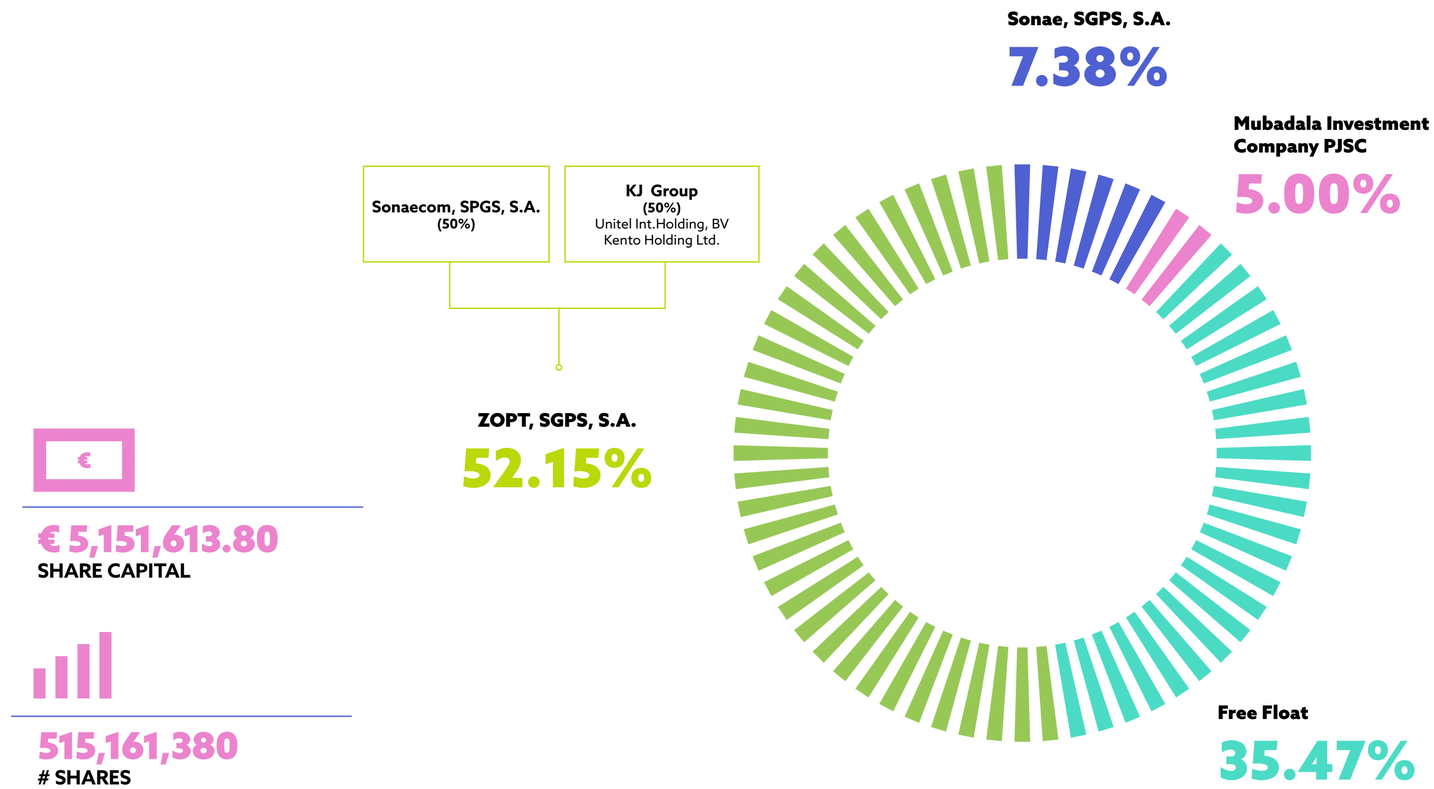
A. SHAREHOLDER STRUCTURE

I. CAPITAL STRUCTURE

1. Capital structure

NOS share capital is 5,151,613.80 euros and it is fully subscribed and paid up, represented by 515,161,380 ordinary shares (there are no share classes), registered book-entry shares with a nominal value of € 0,01 (one cent) per share and are admitted to trading on the Euronext Lisbon - Sociedade Gestora de Mercados Regulamentados, S.A. regulated market ("Euronext Lisbon").

The Company's capital distribution
on 31 December 2021



2. Restrictions on the transfer and ownership of shares

The Articles of Association do not set out limitations or restrictions on the transfer of shares that represent the share capital of NOS.

Notwithstanding, the Articles of Association provide that shareholders who directly or indirectly compete with the activity performed by the companied owned by NOS, cannot hold common shares that represent more than 10% of the Company's share capital, without prior authorisation from the General Meeting.

3.Own shares

On 21 April 2021, the General Meeting resolved to authorise the purchase and disposal of own shares by the Board of Directors for the duration of 18 months from the approval of the proposal.

At the end of 2021, the number of own shares was as follows:

DATE	# OWN SHARES *	% OF SHARE CAPITAL
31-Dec-21	3,002,427	0.5828%

* All attached rights suspended pursuant to the provisions of article 324(1)(a) of the Portuguese Companies Code ("CSC").

4. Impact of the change in shareholder control in important agreements

NOS is not a party to any important agreements that come into force, are amended or terminate if there is a change of Company control or change in the members of the Board of Directors.

In accordance with standard market practice, NOS and its subsidiaries are parties to some financing contracts and debt issues, which include provisions allowing for the change of control (including, tacitly, changes in the change of control as a consequence of a public takeover bid), with the possibility of the donors or debt holders, as the case may be, requesting early repayment. These contracts cannot impair the economic interest in the shares' transfer of the Company or the free assessment by the shareholders of the performance of the directors.

NOS did not also adopt mechanisms that imply payments or assumption of fees in the case of transfer of control or change in the composition of the Board of Directors, and which are likely to harm the economic interest in the free transferability of shares and a shareholder assessment of the performance of the directors.

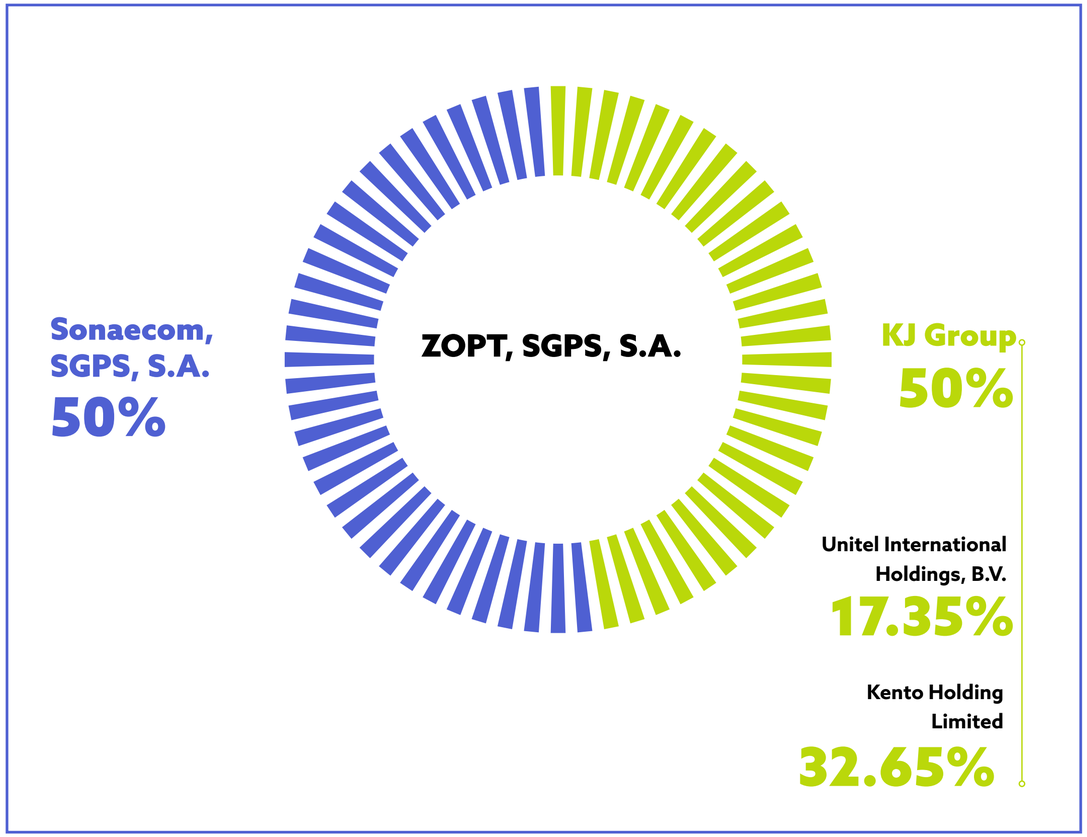
5. Countermeasures in the case of change of control

NOS has not adopted any measures in order to impede the success of takeover bids contrary to the interests of the Company and its shareholders.

Similarly, NOS considers that no countermeasures were adopted with the purpose of automatically causing erosion to the Company's assets in the event of a transfer of control or of a change to the composition of the Board of Directors or that would potentially impair the economic interest in the shares' transfer and the free assessment by the shareholders of the performance of the directors.

6. Shareholders' agreements

NOS is aware of a shareholders' agreement entered into on 14 December 2012 between shareholders of ZOPT, SGPS, S.A. ("ZOPT") direct holder of 268,644,537 shares that represent the share capital of NOS, under the terms of the announcement to the market issued on 27 August 2013, which mentioned that Sonaecom, SGPS, S.A. ("Sonaecom"), Kento Holding Limited and Unitel International Holdings, B.V. (where these companies hereinafter jointly referred to as "Group KJ") hold the following shareholdings:



II. SHAREHOLDINGS AND BONDS HELD

7. Qualified shareholdings

The structure of qualified shareholdings in NOS that the Company was notified of (including information rendered under article 447(5) of the CSC) was, on 31 December 2021, as follows:

DATE	COMPANY	% OF SHARE CAPITAL
16 June 2016	ZOPT, SGPS, S.A. (1)	52.15%
19 August 2020	Sonae, SGPS, S.A. (2)	7.38%
23 December 2021	Mubadala Investment Company PJSC	5.00%
-	Free Float	35.47%

(1) According to paragraphs b) and c) of number 1 of article 20 and article 21 of the Portuguese Securities Code, a qualified shareholding of 52.15% of the share capital and voting rights of the Company as calculated in the terms of article 20 of the Portuguese Securities Code, is attributable to ZOPT, SGPS, S.A., to Sonaecom, SGPS, S.A. and to the following entities:

a. To the companies Kento Holding Limited and Unitel International Holdings, BV, as well as to Mrs. Isabel dos Santos, being (i) Kento Holding Limited and Unitel International Holdings, BV companies directly and indirectly controlled by Mrs. Isabel dos Santos and (ii) ZOPT a company jointly controlled by its shareholders Kento Holding Limited, Unitel International Holdings, BV, and Sonaecom, SGPS S.A. as a result of the shareholders agreement entered into between these entities;

b. 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 control relationship and shareholders agreement mentioned in a.

As of 29 November 2017, Efanor Investimentos, SGPS, S.A. ceased to be a controlling shareholder under the terms and for the purposes of articles 20 and 21 of the Portuguese Securities Code.

(2) As per announcement disclosed to the market, by Sonae, SGPS, S.A., on 19 August 2020.
Note: The calculation of the voting rights percentages does not consider own shares held by the Company.

8. Number of shares and bonds held by members of the managing and supervisory boards

NAME	POSITION / JOB	SHARES					
		BALANCE 31/12/2020	TRANSACTIONS 2021				BALANCE 31/12/2021
			ACQUISITIONS	DISPOSALS	UNIT PRICE	DATE	
BOARD OF DIRECTORS							
Ângelo Gabriel Ribeirinho dos Santos Paupério (1)	Chairman of the Board of Directors	**0**	-	-	-	-	**0**
ZOPT, SGPS, SA		**268,644,537**	-	-	-	-	**268,644,537**
Sonae - SGPS, SA		**38,000,000**	-	-	-	-	**38,000,000**
Miguel Nuno Santos Almeida	Chairman of the Executive Committee	**157,361**	86,947	-	3.144 €	31/03/2021 *	**244,308**
José Pedro Faria Pereira da Costa	Vice-Chairman of the Executive Committee	**193,358**	64,304	-	3.144 €	31/03/2021 *	**257,662**
		257,662	-	30,700	3.372 €	21/12/2021	**226,962**
		226,962	12,876	-	3.374 €	21/12/2021	**239,838**
		239,838	2,000	-	3.374 €	21/12/2021	**241,838**
		241,838	15,824	-	3.374 €	21/12/2021	**257,662**
Daniel Lopes Beato	Executive Member	**0**	6,421	-	3.144 €	31/03/2021 *	**6,421**
Filipa de Sousa Taveira da Gama Santos Carvalho	Executive Member	**14,629**	8,639	-	3.144 €	31/03/2021 *	**23,268**
Jorge Filipe Pinto Sequeira dos Santos Graça	Executive Member	**33,467**	41,662	-	3.144 €	31/03/2021 *	**75,129**
Luís Moutinho do Nascimento	Executive Member	**80**	20,906	-	3.144 €	31/03/2021 *	**20,986**
Manuel Ramalho Eanes	Executive Member	**48,277**	49,209	-	3.144 €	31/03/2021 *	**97,486**
Ana Rita Ferreira Rodrigues	Non-Executive Member	**0**	-	-	-	-	**0**
António Domingues	Non-Executive Member	**0**	-	-	-	-	**0**
António Bernardo Aranha da Gama Lobo Xavier	Non-Executive Member	**0**	-	-	-	-	**0**
Catarina Eufémia Amorim da Luz Tavira Van-Dúnem	Non-Executive Member	**0**	-	-	-	-	**0**
Cristina Maria de Jesus Marques	Non-Executive Member	**0**	-	-	-	-	**0**
João Pedro Magalhães da Silva Torres Dolores (2)	Non-Executive Member	**0**	-	-	-	-	**0**
ZOPT, SGPS, SA		**268,644,537**	-	-	-	-	**268,644,537**
Sonae - SGPS, SA		**38,000,000**	-	-	-	-	**38,000,000**
Joaquim Francisco Alves Ferreira de Oliveira	Non-Executive Member	**0**	-	-	-	-	**0**
Maria Cláudia Teixeira de Azevedo (3)	Non-Executive Member	**0**	-	-	-	-	**0**
ZOPT, SGPS, SA		**268,644,537**	-	-	-	-	**268,644,537**
Sonae - SGPS, SA		**38,000,000**	-	-	-	-	**38,000,000**
José Carvalho de Freitas	Non-Executive Member	**0**	-	-	-	-	**0**
STATUTORY AUDIT BOARD							
José Pereira Alves	Chairman of the Statutory Audit Board	**0**	-	-	-	-	**0**
Paulo Cardoso Correia da Mota Pinto	Member of the Statutory Audit Board	**0**	-	-	-	-	**0**
Patrícia Andrea Bastos Teixeira Lopes Couto Viana	Member of the Statutory Audit Board	**0**	-	-	-	-	**0**
Ana Luísa Nabais Aniceto da Fonte	Alternate Member of the Statutory Audit Board	**0**	-	-	-	-	**0**
STATUTORY AUDITOR							
Ernst & Young Audit & Associados, SROC, S.A.	Statutory Auditor	**0**	-	-	-	-	**0**
Sandra e Sousa Amorim	Statutory Auditor	**0**	-	-	-	-	**0**
Pedro Jorge Pinto Monteiro da Silva e Paiva	Alternate Statutory Auditor	**0**	-	-	-	-	**0**

(1) Ângelo Gabriel Ribeirinho dos Santos Paupério is member of the Board of Directors of ZOPT, SGPS, S.A., which owned, on 31 December 2021 a share correspondent to 52.15% of the share capital and voting rights of NOS and a member of the Board of Directors Sonaecom, SGPS, S.A.
(2) João Pedro Magalhães da Silva Torres Dolores is member of the Board of Directors of Sonaecom, SGPS, S.A.
(3) Maria Cláudia Teixeira de Azevedo is member of the Board of Directors of ZOPT, SGPS, S.A., company holding a share, on 31 December 2021, correspondent to 52.15% of the share capital and voting rights of NOS, and member of Board of Directors of Sonaecom, SGPS, S.A.
* Share acquisitions with a 90% discount under the Regulation on Short- and Medium-Term Variable Remuneration of NOS, SGPS, S.A.

9. Special powers of the Board of Directors, especially as regards resolutions on the capital increase

The Company's Board of Directors exercise the powers conferred by the law and the Articles of Association.

The Shareholder's annual General Meeting in 2021 granted authorisations to the Board of Directors for the purchase and sale of own shares and bonds by the Company and subsidiaries, within a set of established and approved parameters by the General Meeting, in accordance with the applicable legislation.

The Company's Articles of Association do not provide any special powers to the Board of Directors regarding resolutions on capital increase.

10. Significant business relationships between the holders of qualified shareholdings and the Company

The relevant commercial relations held between NOS and their holders of qualified shareholdings during the year 2021 correspond to transactions with related parties referred to in point 92 of this Report.

B.
CORPORATE BODIES AND COMMITTEES

I. GENERAL MEETING

A) COMPOSITION OF THE BOARD OF THE GENERAL MEETING

11. Details and position of the members of the Board of the General Meeting and respective term of office

The Board of the General Meeting is composed by a Chairman and a Secretary, elected by the General Meeting.

The current members of the Board of the General Meeting were elected for the mandate of 2019-2021, beginning on 8 May 2019 and ending on 31 December 2021, and they are:

Chairman	Pedro Canastra de Azevedo Maia
Secretary	Tiago Antunes da Cunha Ferreira de Lemos

B) EXERCISE OF THE VOTING RIGHT

12. Restrictions on the right to vote

There are no restrictions on voting rights provided in the Company's Articles of Association, with shareholders with voting rights being able to attend the General Meeting.

To every 100 shares corresponds one vote, which is not deemed as a limit to the exercise of the voting right by the shareholders, as it does not follow the principle of one share one vote, bearing in mind that (i) the nominal value of the shares is one cent and (ii) shareholders holding less than the number of shares necessary to exercise the voting right may join together to reach the required number or more and be represented at the General Meeting by one of these shareholders.

Shareholders with voting rights who, on the record date, which is at 0 hours (GMT) on the 5th trading day before the General Meeting, own shares that grant at least one vote pursuant to the law and the Company's Articles of Association and who comply with the legal formalities as described in the corresponding notice, have the right to participate, discuss and vote at the General Meeting.

The shareholdings, as a whole, are not subject to limits on the respective voting power, as there are no cap limits on voting. Additionally, considering the relationship of proportionality there is no time lag between the right to receive dividends or to subscribe new securities and the voting right.

The voting right may, on all matters included in the notice of meeting, also be exercised by correspondence or by electronic means, under the terms set forth in the Company's Articles of Association and in the notice of meeting, since the Company also has a system that allows, without limitations, the possibility of shareholders using their voting rights in both formats, being this information duly and promptly sent to shareholders and made available to the public through the publication of the corresponding notice and other documents (including voting ballot and forms) on the Company's website.

The participation of the shareholders is ensured by electronic means, through videoconferencing and with the possibility of exercising voting rights.

13. Maximum percentage of voting rights that may be exercised by a single shareholder or by shareholders that are in any relationship as set out in article 20(1) of the Portuguese Securities Code

Pursuant to the Company's Articles of Association, there is no limit on the number of votes that can be held or exercised by each shareholder.

14. Shareholders' resolutions that, imposed by the Articles of Association, may only be taken with a qualified majority, in addition to those legally provided

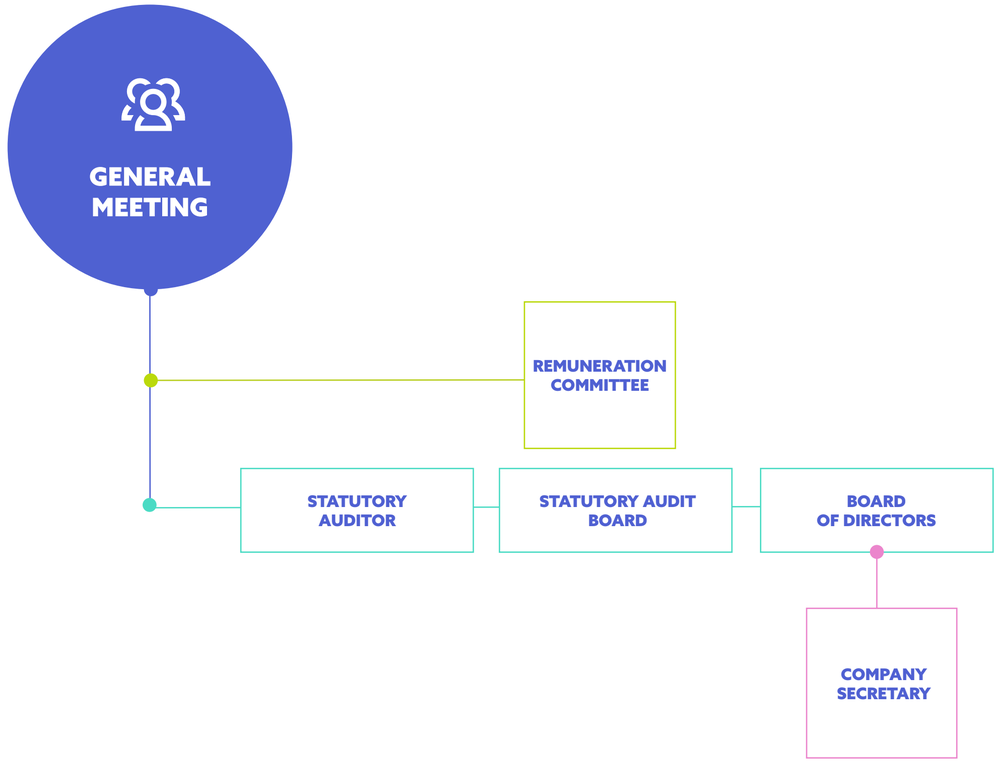
Pursuant to the Articles of Association, the General Meeting can run at a first meeting so long as shareholders representing more than 50% of the share capital are present or represented, which represents the constitutive quorum.

The Articles of Association do not set any qualified quorum greater than that provided by law.

II. ADMINISTRATION AND SUPERVISION

A) COMPOSITION

15. Identification of the corporate governance model



NOS adopts the reinforced one-tier governance model, a model which is fully and effectively implemented and there are no constraints on its operations.

The adopted model allows the Company to work properly, enabling a flow of information and a proper transparent dialogue between the different corporate bodies and between the Company, its shareholders and other stakeholders.

16. Rules of the Articles of Association on the appointment and replacement of directors

The members of the Board of Directors are elected by the General Meeting, which appoints a Chairman and if it so wishes, one or more Vice-Chairman.

If the General Meeting does not appoint a Chairman of the Board of Directors, the Board will make the appointment.

One of the Company's directors can be elected by the General Meeting through isolated appointments, from persons proposed on lists drawn up by groups of shareholders, provided that none of these groups possesses shares representing more than 20% and less than 10% of the share capital.

The replacement of a director, if they cease their office before the end of the term of office, shall comply with applicable legal requirements.

Without prejudice to the above, the Company's Articles of Association state that where the director who is definitively absent is the Chairman or Vice-Chairman, he/she shall be replaced through election at the General Meeting. For this purpose, a director is considered to be definitively absent if, during their term of office, miss two meetings in a row or five in total, without a justification that is accepted by the Board of Directors.

17. Composition of the Board of Directors

The Board of Directors is composed of up to 23 members elected by the General Meeting, and no express provision is set out on the minimum number. Therefore, the statutory minimum corresponds to the minimum legal requirement for a collegial body (i.e., 2 members).

If the law or the Articles of Association do not set a specific number of members on a corporate body, this number shall be established, on a case-by-case basis, by the resolution to elect, corresponding to the number of members elected. This does not affect the possibility to change the number of the corporate body members during the term of office, up to the legal limit or up to the limit set out by the Articles of Association.

The Board of Directors keep their terms of office for renewable periods of 3 calendar years, and the calendar year of their appointment counts as a complete year.

The Board of Directors was elected at the General Meeting of 08 May 2019, for the three-year period of 2019/2021, and its term of office ends on 31 December 2021.

On 31 December 2021, the Board of Directors comprises the following directors:

NAME	OFFICE	FIRST APPOINTMENT
Ângelo Paupério	Chairman of the Board of Directors	1 Oct 2013
Miguel Almeida	Chairman of the Executive Committee	1 Oct 2013
José Pedro Pereira da Costa	Vice-Chairman of the Executive Committee	21 Sep 2007
Daniel Beato	Executive Member	15 Jan 2021
Filipa Santos Carvalho	Executive Member	15 Jan 2021
Jorge Graça	Executive Member	26 Apr 2016
Luís Nascimento	Executive Member	29 Jun 2017
Manuel Ramalho Eanes	Executive Member	1 Oct 2013
António Domingues	Member	1 Sep 2004
António Lobo Xavier	Member	1 Oct 2013
Catarina Tavira Van-Dúnem	Member	27 Nov 2012
Cláudia Azevedo	Member	1 Oct 2013
Cristina Marques	Member	23 Mar 2020
João Dolores	Member	26 Apr 2016
Joaquim Oliveira	Member	31 Jan 2008
José de Freitas	Member	23 Mar 2020
Rita Rodrigues	Member	23 Mar 2020

Note: On 18 December 2020 and 4 January 2021, Ana Paula Marques and António Lobão Teles respectively resigned their management position and, on 15 January 2021, Filipa Santos Carvalho and Daniel Beato were appointed, by co-opting, to replace them.

18. Distinction to be drawn between executive and non-executive directors and details of independent members

The Regulations of the Board of Directors, approved on 9 May 2019, establish that the non-executive members of the Board of Directors should always out number the members of the Executive Committee, in order to ensure the effective capacity for adequate supervision, monitoring and evaluation of the performance of the members of the Executive Committee.

Therefore, in order to maximise the pursuit of the Company's interest, the managing body is composed of 10 non-executive members and 7 executive members.

The number of non-executive members is suitable bearing in mind, especially, the size, shareholder structure, and complexity of the risks associated with the activity of the Company.

Considering the above mentioned, and based on the Company's size and its shareholder structure, in line with the definition of independence under on the one hand CMVM Regulation 4/2013 and on the other hand Recommendation III.3 of the IPCG's Corporate Governance Code of 2018 (revised in 2020), the Company has one independent director among its non-executive directors – José de Freitas. Thus, the provisions in Recommendation III.1 of the IPCG's Corporate Governance Code of 2018 (revised in 2020) do not apply to the Company, since this recommendation requires a plurality of independent non-executive members.

The non-executive directors of the Company have regularly and effectively developed their legal functions, which generally consist in the supervision, oversight and evaluation of the executive member's activity. The Regulations of the Board of Directors provides that those directors must help the Board of Directors to define strategy (including the strategic plan), main policies (including risk policy), corporate structure and decisions that should be considered strategic for the Company due to their amount or risk, as well as in evaluating compliance, and as such they cannot be delegated to the Executive Committee.

NOS non-executive directors have also made important contributions to the Company by performing their duties on the specialised Board of Directors committees (see item 27).

In order to guarantee the due and effective monitoring, oversight and assessment of the Executive Committee's activity, as determined by the Board of Directors, the Executive Committee presents, on a quarterly basis, to the Board of Directors, a summary of the most important points of its activity in the relevant period, without prejudice to the provision of proper and timely information when requested by the former to the latter at each moment.

19. Professional qualifications and curricular information of the members of the Board of Directors

Pursuant to the CSC, the General Meeting has the duty to elect the members of the managing and supervisory boards and, in that sense, it will be their major role in choosing qualified professionals ensuring also the promotion of diversity within these boards. Professional qualifications and offices held by each member of the Board of Directors are in the Annex to this Report.

The Regulations of the Appointments and Assessment Committee of NOS provides that, during the exercise of its duties to support the Board of Directors, and in the event of any vacancy occurring within this board, the Committee shall prepare an opinion on the adequacy of certain candidate to the board, bearing in mind criteria such as qualifications, knowledge, expertise, professional experience, independence, availability and diversity, with a particular emphasis on gender diversity. The goal is, therefore, to help enhance the board's performance and balance its composition.

In turn, it is the duty of the Corporate Governance Committee to determine the criteria and requirements of the profile for new corporate board members suited to the position to be held which, in addition to individual attributes (such as expertise, independence, integrity, availability and experience), should also consider diversity requirements, with a particular emphasis on gender diversity which may help, in principle, to enhance the board's performance and balance its compositions.

For that purpose, the Corporate Governance Committee approved an Internal Policy for the Selection of Members of the Management and Supervisory Bodies, which foresees a set of general principles, individual merit and collective composition criteria, which include, among others, diversity and inclusion within these governing bodies.

The Internal Policy for the Selection of Members of the Management and Supervisory Bodies is in line with the principles set forth in the Declaration of Compromise towards Diversity and Inclusion of the NOS Group, in force at the date of approval of this Report. https://www.nos.pt/institucional/PT/investidores/governo-desociedade/Documents/Politica%20interna%20de%20Selecao%20CA%20e%20CF%20NOS_marco2022_EN.pdf.

Furthermore, NOS sets out in its Code of Ethics a general principle applicable to all its employees and, therefore, includes members of the managing and supervisory boards, under which the human resources management policy is based, mainly, on respect for diversity, individual rights and non-discrimination depending on age, gender, sexual orientation, race, disability, religion or creed, promoting diversity as a core value present in all internal processes and procedures.

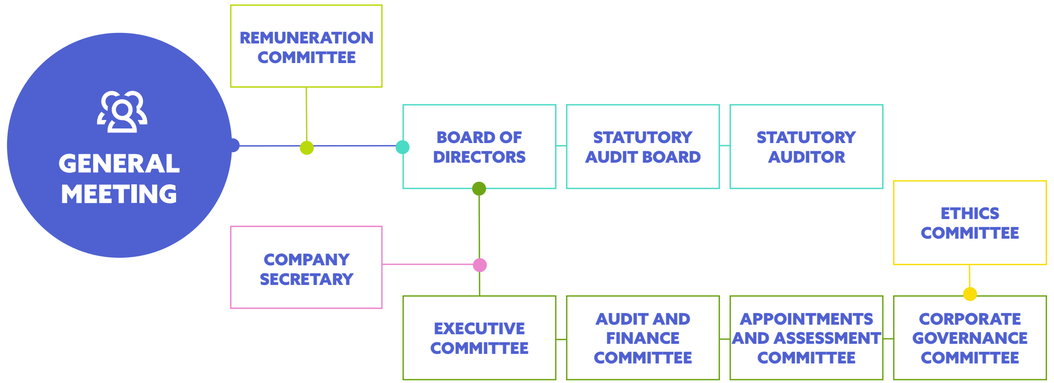
Currently, apart from the diversity of skills, variety of academic qualifications and professional experience, members of the Board of Directors and the Statutory Audit Board possess the adequate diversity in terms of age and gender. In fact, apart from the fact that the percentage of female members is about 29% and 33%, respectively, in both bodies (in compliance with article 5(1) of Law no. 62/2017 of 2 August), the members of these bodies are between 33 and 75 years of age.

Furthermore, in line with this already anchored reality in the Company, NOS has in force, at the time this Report was drafted, an internal Selection of Members of the Managing and Supervisory Bodies policy, prepared by its Corporate Governance Committee, which provides a set of principles, requirements, and criteria regarding the profile of the members of the managing and supervisory bodies, to be assessed at an individual and collective level. In the light of this internal policy, it is sought to promote the composition of bodies, the members of which should show evidence they have, namely, experience, expertise, integrity, independence, and availability to perform their respective duties, joining bodies characterised by its diversion and inclusion, complementarity and independence.

20. Family, professional or business relationships of members of the Board of Directors with shareholders that are assigned qualified holdings that are greater than 2% of the voting rights

NAME	OFFICE	COMPANY	PARTICIPATION IN NOS SHARE CAPITAL
Ângelo Gabriel Ribeirinho dos Santos Paupério (Chairman of the Board of Directors of NOS, SGPS, S.A.)	Member of the Board of Directors	ZOPT,SGPS,S.A.	52.15%
	Chairman of the Board of Directors	Sonaecom,SGPS,S.A.	-
	Member of the Board of Directors	Sonae,SGPS,S.A.	7.38%
Maria Cláudia Teixeira de Azevedo (Member of the Board of Directors of NOS, SGPS, S.A.)	Member of the Board of Directors	ZOPT,SGPS,S.A.	52.15%
	Member of the Board of Directors	Sonaecom,SGPS,S.A.	-
	Member of the Board of Directors and Chairman of the Executive Committee	Sonae,SGPS,S.A.	7.38%
João Pedro Magalhães da Silva Torres Dolores (Member of the Board of Directors of NOS, SGPS, S.A.)	Member of the Board of Directors	Sonaecom,SGPS,S.A.	-
	Member of the Board of Directors and member of the Executive Committee	Sonae,SGPS,S.A.	7.38%

21. Competence sharing between the various corporate bodies, commissions and/or Company departments, including information on competence delegation, in particular regarding daily management of the Company



The General Meeting, the Remuneration Committee, the Board of Directors, the Statutory Audit Board and the Statutory Auditor are corporate bodies of the Company.

NOS Board of Directors is responsible for management the Company's activity and their responsibilities are defined in the law, the Company's Articles of Association and the corresponding Regulations.

The Board of Directors created and delegated the day-to-day management of the Company to an Executive Committee for the three-year period of 2019/2021, setting out the corresponding composition, functioning and delegation of management powers.

Therefore, the Board of Directors delegated to the Executive Committee the necessary powers to develop and execute the day-to-day management of the Company. For these purposes, were not deemed as current management and, as such, were not delegated by the Board of Directors, namely: (i) the definition of the Company's strategy and main policies; (ii) the organisation and coordination of the business structure; (iii) the matters which are to be deemed as strategic in view of their amount, risk or special characteristics.

Alongside the day-to-day management of the Company, the Executive Committee is responsible, in particular, for:

a) Proposing, to the Board of Directors, the strategic guidelines of the Group and fundamental policies of the Company and its subsidiaries;

b) Working with the Board of Directors and its Committees, as needed for the fulfilment of their respective purposes;

c) Determining the internal organisational and operating norms of the Company and its subsidiaries, namely with regard to employee hiring, professional categories, remuneration and other bonuses;

d) Issuing binding instructions to companies in a group relationship comprised of complete control, and controlling these companies' implementation of the guidelines and policies laid out pursuant to the above sub-paragraphs;

e) Exercising disciplinary power, and deciding on applicable penalties for the Company's employees;

f) Deciding on the acquisition of own shares by the Company, and/or by any of its dependent companies, within the scope of NOS variable remuneration policy, per the terms and conditions approved by the General Meeting.

The Board of Directors, when defining the functioning of the Executive Committee, specifically delegated to the Chairman of the Executive Committee the following duties:

a) Coordinating the activity of the Executive Committee;

b) Convening and conducting the meetings of the Executive Committee;

c) Providing for the proper implementation of the resolutions of the Board of Directors;

d) Providing for the proper implementation of the resolutions of the Executive Committee;

e) Ensuring the compliance with the limitations on the delegation of duties, on the strategy of the Company and the duties of cooperation with the Chairman of the Board of Directors and other members of the Board of Directors as well as other company bodies;

f) Ensuring that the Board of Directors is informed of the actions and relevant decisions of the Executive Committee, as well as guaranteeing that all the clarifications requested by the Board of Directors are provided in a timely and appropriate manner;

g) Ensuring that the Board of Directors is informed, on a quarterly basis, of the transactions that, within the duties delegated to the Executive Committee, have been entered into between the Company and shareholders of qualified holdings equal or above 2% of the voting rights (Qualified Shareholders) and/or any entities in a relationship of article 20 of the Portuguese Securities Code with them (Related Entities), when such transactions exceed the individual amount of 10,000 Euros.

In the definition of the Company's strategy and policies, the Board of Directors strives to ensure the long-term success of the Company and contribute for the sake of the community in general, as results from the commitments made by the Board of Directors described in page 133 of the Management Report.

The Executive Committee comprises 7 members, and functionally organises in the following manner:

Miguel Almeida	Strategy and Business Development Corporate Communication Transformation Azores and Madeira
José Pedro Pereira da Costa	Financial and Assurance Services Corporate Finance DPO Investor Relations & Sustainability Planning and Management Control Procurement
Daniel Beato	Offer and Segmentation Experience and Value Product CRM WOO B2C Business Brand and Communication
Filipa Santos Carvalho	Corporate Secretary Audit, Risk and Compliance Market & Customer Intelligence Legal Regulation
Jorge Graça	Quality and Transversal Projects Mobile Centric Fiber Center Information Services Innovation Services Operations CCoE
Luís Nascimento	People and Organisation Customer Care, Back-office and Processes I&M, Technical Support, Logistics, Terminal Management Contents Cinemas Audiovisuals Advertising
Manuel Ramalho Eanes	Corporate Transformation Center Corporate Solutions B2B Direct Sales Corporate Channels Wholesale E&O Information

B) FUNCTIONING

22. Availability and place where Regulations on the functioning of the Board of Directors may be viewed

The Board of Directors, at its meeting on 9 May 2019, approved its internal Regulations on organisation and functioning, which is available at https://www.nos.pt/institucional/EN/investors/corporate-governance/Documents/Regulamento%20CA%20EN_2019.pdf.

In line with the recommendations and good practices adopted by the Company, the Regulations on the organisation and functioning of the Board of Directors governs, namely, the exercise of the powers, the presidency, the frequency of meetings, the performance and the obligations' framework of the members of this governing body.

23. Number of meetings held and the attendance report of the members of the Board of Directors

Under article 4 of the Regulations of the Board of Directors, the Board of Directors of NOS meets at least 6 times a year and whenever is convened on the initiative of the Chairman, or by 2 directors.

During 2021, the current Board of Directors held 6 meetings by electronic means due to the pandemic environment, and all of them had the minutes drawn up.

The attendance degree of the members of the Board of Directors in the meetings held was as follows:

NAME	PRESENT	REPRESENTED	ABSENT	ATTENDANCE %
Ângelo Paupério	6	0	0	100%
Miguel Almeida	6	0	0	100%
José Pedro Pereira da Costa	6	0	0	100%
Daniel Beato*	5	0	0	100%
Filipa Santos Carvalho*	5	0	0	100%
Jorge Graça	6	0	0	100%
Luís Nascimento	6	0	0	100%
Manuel Ramalho Eanes	6	0	0	100%
António Domingues	6	0	0	100%
António Lobo Xavier	6	0	0	100%
Catarina Tavira Van-Dúnem	3	1	2	66%
Cláudia Azevedo	6	0	0	100%
Cristina Marques	6	0	0	100%
João Dolores	6	0	0	100%
Joaquim Oliveira	6	0	0	100%
José de Freitas	6	0	0	100%
Rita Rodrigues	6	0	0	100%

* Member of the Board of Directors in office as of 15 January 2021 (5 meetings were held since that date).

The absences were always duly justified and accepted by the Board of Directors.

In 2021, the Board of Directors conducted an analysis of its internal procedures and an evaluation of the global performance of this Board, of the Executive Committee and of the Specialized Committees, taking into account the fulfilment of the Company's strategic plan and budget, the risk management, its internal procedures and the contribution of each member of the aforementioned bodies or committees this effect, as well as the relationship between bodies and the Company's committees, regarding its powers. Furthermore, qualitative criteria such as: (i) professional expertise, (ii) duty fulfilment, (iii) responsibility level, (iv) office availability and (v) diversity as regards gender, skills and stakeholder representation.

All Board members completed individual questionnaires and the results were presented and analysed in a Board meeting, in order to identify positive aspects and improvement opportunities.

24. Competent corporate boards undertaking the performance appraisal of executive directors

The Remuneration Committee is empowered to annually assess the Executive Committee, supported by an opinion issued by the Appointments and Assessment Committee.

25. Predefined criteria for assessing executive directors' performance

The assessment criteria for the members of the Executive Committee are measurable and predefined, globally considering the fulfillment of the strategy and goals created, as well as the plans and budget, the Company's growth and wealth creation in a mid-long-term perspective.

In this scope and for further detail please refer to items 70 and 71 of this Report.

26. The availability of the members of the Board of Directors with details of the positions held at the same time in other companies within and outside the Group

The offices held by the directors in other companies, within and outside NOS Group are submitted in the Annex to this Report.

All the members of the Board of Directors are able to perform their duties with utmost diligence, guaranteeing careful management in accordance with best practices, scrupulously fulfilling their general and fundamental duties.

In accordance with the Board of Directors Regulations, the directors inform the Chairman of the Board of Directors, that informs the other members, whenever there is a situation of a potential or an effective conflict of interests of a director, on his own behalf, on other's behalf or as determined on the Company's Code of Ethics. Such communication of conflict of interests should not be limited to the deliberation context, but should always occur whenever there are facts which might so constitute it or originate a conflict between the interests at issue and the Company's interests.

In situations regarding social deliberations, as set out in the Regulations, if the Board of Directors or the director consider that there is a conflict of interest, the latter shall not participate in the discussion nor exercise their respective right to vote in the deliberations in question and, in such situations, the director in question will not receive documentation pertaining the topics where there is a conflict of interest.

In addition, at the time of their election and by 31 January of each year, all members of the Board of Directors individually complete a questionnaire on independence and applicable incompatibilities in accordance with the applicable regulations, without prejudice to the obligation to immediately report any changes to the answers to such questionnaire.

C) COMMITTEES WITHIN THE BOARD OF DIRECTORS

27. Details of the committees created within the Board of Directors

Considering the limits set out by law and the best corporate governance practices, the Board of Directors of NOS created and delegated to an Executive Committee the day-to-day management of the Company.

In compliance with the applicable legal or regulatory requirements, the NOS Board of Directors created Internal Committees always with merely ancillary duties and the resolutions to be taken only by the managing body. All Committees have internal regulations, which regulate the exercise of their functions, the presidency, the frequency of meetings, the operation and the duties of their members, namely:

COMMITTEE
Corporate Governance Committee
Audit and Finance Committee
Appointments and Assessment Committee
Ethics Committee

Taking into account the compliance with the recommendations and best practices of corporate governance, the Company considers that the above-mentioned Internal Committees are adequate to its dimension and complexity, taking into account the adopted government model.

28. Composition of the Executive Committee

On 31 December 2021, NOS Executive Committee comprised the following directors:

Chairman	Miguel Almeida
Vice-Chairman	José Pedro Pereira da Costa
Member	Daniel Beato
Member	Filipa Santos Carvalho
Member	Jorge Graça
Member	Luís Nascimento
Member	Manuel Ramalho Eanes

The members of the Executive Committee are chosen by the Board of Directors and the Committee is made up of a minimum of 3 and a maximum of 7 directors.

29. Description of the powers of each of the committees established and a summary of activities undertaken in exercising said powers

The Board of Directors delegated to the Executive Committee the necessary powers to develop and execute the day-to-day management of the Company, as detailed in item 21 of this Report.

The powers delegated to the Executive Committee may be sub-delegated, partially or in whole, to one or more of its members or to employees of the Company.

Therefore, the Executive Committee is responsible for the day-to-day management of the Company, and comprises directors whose professional profiles ensure that they have the due reputation, competence, diversity of knowledge and experience to perform their duties.

The Board of Directors set out the rules on the composition, operation, and delegation of day-to-day management powers to the Executive Committee, which document is available for consultation on https://www.nos.pt/institucional/EN/investors/corporate-governance/Documents/Deleg_CE_2021_EN.pdf.

The members of the Executive Committee shall not perform executive management functions in companies in which the Company has no interest, without the prior consent of the Board of Directors.

In accordance with the provisions in its Regulations, during 2021, the Executive Committee had 45 meetings, having been discussed there, among others, issues related to the activity to be performed by the Group's business units and companies, transactions approvals with related parties, approval of increase and reduction of capital in companies of the Group, execution and reimbursements of supplementary capital and shareholders loans and sale of property. Minutes from all the meetings were drafted and the attendance of the meetings was 97.5%.

For more detailed information related with the professional experience and expertise to their positions by the members of the Executive Committee, refer to the Annex to this Report.

CORPORATE GOVERNANCE COMMITTEE
The Corporate Governance Committee has the duty to reflect on the governance system, structure and practices adopted, verify its effectiveness and propose measures to the appropriate bodies with a view to improving them.

On 31 December 2021, the Corporate Governance Committee had the following composition:

Chairman	António Lobo Xavier
Member	António Domingues

Its Regulations can be consulted at https://www.nos.pt/institucional/EN/investors/corporate-governance/Documents/Regulamento%20CGS_2019%20EN.pdf.

The duties and powers of the Corporate Governance Committee are, namely, the following:

a. To study, propose and recommend the adoption by the Board of Directors of the policies, rules and procedures necessary for compliance with the applicable legal and regulatory provisions as well as those of the Articles of Association, including recommendations, opinions and best practices, both national and international, in the matter of corporate governance, rules of conduct and social responsibility;

b. To strive for full compliance with legal and regulatory requirements, recommendations and best practices relating to the Company's governance model and for the adoption by the Company of corporate principles and practices in matters such as:
   i. The structure, powers and operation of corporate boards and internal committees, and their respective internal coordination;
   ii. Requirements with regard to qualifications, experience, incompatibilities and independence applicable to members of the managing and supervisory boards;
   iii. Efficient means for non-executive members of the managing body to perform their duties;
   iv. The exercising of voting rights, representation and equal treatment of shareholders;
   v. Preventing conflicts of interest;
   vi. The scheme applicable to executives, and their performance of executive duties at entities outside of the group;
   vii. Transparency of corporate governance, of information to be disclosed to the market and of the relationships with the investors and other Company stakeholders;

c. To promote and supervise, in the different hierarchical levels, the effective compliance with the Company's Code of Ethics, and also to perfect and update the said Code, submitting to the Board of Directors such proposals as it may deem appropriate for the purpose;

d. Propose to the Board of Directors those measures it considers appropriate for the development of a corporate and professional ethics culture within the Company;

e. To support the Board of Directors in the performance of its function of supervising corporate governance, rules of conduct and social responsibility, as well as in the way it ensures the adequate and timely flow of information necessary for the exercise of the legal and statutory powers of all the Company's bodies and committees, in particular its minutes and notices of meeting;

f. In conjunction with the Appointments and Assessment Committee, determining the criteria and requirements of the profile for new corporate board members suited to the position to be held which, in addition to individual attributes (such as expertise, independence, integrity, availability and experience), should also consider diversity requirements with a particular emphasis on gender diversity, which may help to enhance the board's performance and balance its composition.

In 2021, under its competences, the Corporate Governance Committee had 2 meetings, having been discussed in those meetings, among others, issues related with the corporate governance report of 2020, the assessment of the proposals made by the Board of Directors to be submitted to the approval by the General Meeting of NOS and the assessment of the preliminary results of the monitoring of the adoption of the IPCG's Corporate Governance Code, by reference to the period of 2020. Minutes from the meetings were drafted and the attendance of the meetings was 100%.

AUDIT AND FINANCE COMMITTEE
The Audit and Finance Committee has the duty of assisting in the assessment of financial matters and policy and accounting practices, supervise risk control policy, and advise the Board of Directors and Statutory Audit Board in the previously mentioned matters.

On 31 December 2021, the Audit and Finance Committee had the following composition:

Chairman	António Domingues
Member	Ângelo Paupério
Member	Rita Rodrigues
Member	Cristina Marques
Member	João Dolores

Its Regulations can be consulted at https://www.nos.pt/institucional/EN/investors/corporate-governance/Documents/Regulamento%20CAF_2019.pdf.

The powers and duties of the Audit and Finance Committee are, namely, the following:

a) To follow the activity of the Executive Committee;

b) To review the annual, half-yearly, quarterly, and similar financial statements to be published, and to report its findings to the Board of Directors;

c) To advise the Board of Directors on its reports for the market to be included in the publication of the annual, half-yearly and quarterly results;

d) To advise the Statutory Audit Board, on behalf of the Board of Directors, on the appointment, duties and remuneration of the External Auditor;

e) To advise the Board of Directors on the quality and independence of the Internal Audit function, and on the appointment and dismissal of the Internal Audit Manager;

f) To review the scope of the Internal Audit and Risk Management functions, as well as their relationship with the work of the External Auditor;

g) To review and discuss with the External Auditor, the Internal Auditor and the person in charge of risk management the reports produced within the scope of their duties and, consequently, to advise the Board of Directors on matters deemed relevant;

h) To oversee the Company's risk management policy, in conjunction with the Statutory Audit Board, by monitoring risk control policies, identifying key risk indicators (KRI) and integrated risk assessment methodologies;

i) To review, discuss and advise the Board of Directors on the accounting policies, criteria and practices adopted by the Company;

j) To review transactions between the Company and shareholders of qualified holdings of 2% or more of voting rights ("Qualified Shareholders") and/or entities which they have any relationship pursuant to article 20 of the Securities Code, and persons or entities qualified as related parties ("Related Parties"), pursuant to Company regulations approved by the Board of Directors by proposal of the Statutory Audit Board.

In 2021, under its competences, the Audit and Finance Committee had 5 meetings and discussed (i) matters related to the financing strategy, (ii) transactions with related parties, (iii) financing, planning and control, investors relationship and internal audit reports, (iv) quarterly and annual financial statements, and (v) press releases of earnings announcements. Minutes from the meetings were drafted and the attendance of the meetings was 100%.

APPOINTMENTS AND ASSESSMENT COMMITTEE

The Appointments and Assessment Committee has the duty to ensure a competent and independent evaluation of the performance of the executive directors, the overall performance evaluation report for the Board of Directors and its various specialised committees, and also to ensure the timely identification of potential candidates with the necessary profile for the performance of Director's duties.

On 31 December 2021, the Appointments and Assessment Committee had the following composition:

Chairman	Ângelo Paupério
Member	Rita Rodrigues
Member	João Dolores

Its Regulations can be consulted at https://www.nos.pt/institucional/EN/investors/corporate-governance/Documents/Regulamento%20CNA__2019%20EN.pdf.

It is the responsibility of the Appointments and Assessment Committee to:

a) Assist the Board of Directors when appointing directors to be appointed by co-optation to join the Company's Board of Directors, under article 393(3) (b) of the CSC;

b) In its duties to support the Board of Directors, in the event of any vacancy on the Company's Board of Directors or Executive Committee, prepare a justified opinion, identifying persons with the profile most suited to filling this vacancy, bearing in mind the combination of qualifications, knowledge, expertise, professional experience, independence, integrity and availability required for the performance of the respective duties, together with diversity requirements, with a particular emphasis on gender diversity, which may help to enhance the board performance and balance its composition;

c) Approve and make its terms of reference available, and foster, to the extent of its powers, transparent selection processes that include effective mechanisms to identify potential candidates, and ensure that those chosen as candidates possess the highest degree of merit, are best suited to the demands of the functions to be carried out, and shall encourage suitable diversity, including gender diversity, within the organisation;

d) Conduct the annual evaluation process of the members of the Executive Committee, ensuring further harmonisation with the Board of Directors and the Remuneration Committee;

e) Within the annual process of evaluation of the members of the Executive Committee, propose to the Remuneration Committee the criteria which will be regarded when establishing the variable remuneration, namely the individual performing goals;

f) Prepare an overall performance evaluation report of the Board of Directors and its various specialised committees, bearing in mind compliance with the Company's strategic plan, budget, risk management and internal operation, and the contribution of each member of these boards for this purpose, together with the relationship between the Company's boards and committees;

g) Whenever requested by the Board of Directors or by the Remuneration Committee, issue an opinion on the Executive Committee's general remuneration policy, as well as on the variable remuneration programs based on the allocation of NOS shares or stock options.

Within the scope of its activities, the Appointments and Assessment Committee shall observe the long-term interests of shareholders, investors and the general public and, to the extent of its powers, shall contribute towards achieving social responsibility and sustainability goals.

In 2021, under its competences, the Appointments and Assessment Committee had one meeting, and therein it was analysed the current remuneration policy and assessed the need for its revision, the KPIs of the company for 2021 were known there, the rotation of employees was analysed and the evaluation process of the Board of Directors, the Executive Committee, and the other Committees was decided. Minutes from the meeting was drafted and its attendance was 100%.

ETHICS COMMITTEE

The Ethics Committee has the duty to disclose and monitor, with impartiality and independence, the Code of Ethics of NOS Group. This Code can be consulted at https://www.nos.pt/institucional/PT/investidores/governo-de-sociedade/Documents/NOS%20Code%20of%20Ethics%202020.pdf.

It is composed by 3 members (Non-executive Director, Chairman of the Statutory Audit Board and the director in charge of People and Organisation) appointed by the Board of Directors.

On 31 December 2021, the Ethics Committee had the following composition:

Chairman	António Lobo Xavier
Member	Luís Nascimento
Member	José Pereira Alves

Its Regulations, in the version in force at the time of this Report, can be consulted at https://www.nos.pt/institucional/PT/investidores/governo-de-sociedade/Documents/Regulamento%20CdE_fev2022_EN.pdf.

The Ethics Committee is responsible, inter alia, for:

a) Receiving, analysing, and responding to clarification requests referring to the Code of Ethics and its compliance, either through requests directed to the supervisors, to the People Department or via an email created for this purpose;

b) Analysing and investigating the complaints referring to the alleged breach of the Code of Ethics, in accordance with their competences;

c) Requesting that Internal Audit investigate whatever is required at any given time, within the scope of its powers;

d) Drawing up opinions on measures to be taken in the wake of the investigations made under paragraph b);

e) Promoting and monitoring the Code of Ethics' implementation, namely with regard to communication, awareness and training initiatives for employees, suppliers and partners with a view to strengthening an ethical culture;

f) Issuing opinions, when requested to do so, about ethics and conduct codes, or about professional practices;

g) Under the proposal by any body, committee, commission or internal unit or entity of the Company and whenever deemed suitable, making a review of the Code of Ethics and respective procedures concerning the needs of the Company and submit it for the approval of the Corporate Governance Committee;

h) Suggesting to the Corporate Governance Committee policies, goals, instruments and indicators regarding the management system of corporate ethical performance;

i) Ensuring the management system of corporate ethical performance is compatible with the requirements of the Company's internal control system;

j) Drawing up and submitting to the Corporate Governance Committee an annual report of the relevant executed actions by the corporate governance;

k) Drawing up and submitting annual activity reports to the Board of Directors;

l) Drawing up an annual activity report to address the Company's commitments in the area of sustainability.

In 2021, the Ethics Committee had 4 meetings, and discussed (i) a set of situations and documents, including the validation of a new guideline for a responsible presence online, (ii) made recommendations for the pursuit of a conduct guided by ethical principles, (iii) monitored the communication and training plan for employees and partners, (iv) made the balance of its activities, (v) approved activity indicators, and (vi) considered the review of the Code of Ethics in view of the legislation that designs the general schemes of prevention of corruption and protection of whistleblowers.

The Ethics Committee also carried out an online session "Let's talk about Ethics" opened to all employees, which covered the topic "Ethics and Data", where there was the opportunity to discuss and clarify the ethics-related issues related to the collection, storage, management, and use of data.

Minutes from the meetings were drafted and the attendance of the meetings was 100%.

III. SUPERVISION

A) COMPOSITION

30. Details of the supervisory body

The Statutory Audit Board is the Company's supervisory body.

The supervision of NOS, regarding the legal certification for the accounts, also includes a Statutory Auditor, who cannot be a member of the Statutory Audit Board.

31. Composition of the supervisory body

The Statutory Audit Board is made up of three members and an alternate member, elected by the General Meeting, which shall also elect its Chairman, for terms of office of 3 years.

While there is no provision in the Articles of Association requiring a minimum or maximum number of members of the Statutory Audit board, this board should necessarily be made of three effective members and one alternate member per the terms of law.

The Statutory Audit Board was elected at the General Meeting of 08 May 2019, for the three-year period of 2019/2021, and its term of office ends on 31 December 2021.

On 31 December, the Statutory Audit Board had the following composition:

NAME	OFFICE	FIRST APPOINTMENT
José Pereira Alves	Chairman of the Statutory Audit Board	08 May 2019
Patrícia Teixeira Lopes	Member	26 April 2016
Paulo Mota Pinto	Member	21 April 2008
Ana Fonte	Alternate Member	8 May 2019

The Company considers that, being the Statutory Audit Board composed by one Chairman, two members and an alternate member, as is market practice in comparable companies, the efficient execution of its functions is assured and that this number is adequate to the dimension of the Company

and to the complexity of the risks inherent to its activity. This is reinforced by the existence of the AFC that, under its competences, assists, advises and supports the Statutory Audit Board in several of its functions, as described in item 29 above.

32. Details of the independent members of the Statutory Audit Board

The Statutory Audit Board is currently comprised of two independent members: José Pereira Alves and Patrícia Teixeira Lopes.

33. Professional qualifications of the members of the Statutory Audit Board and other curricular information

The members of the Statutory Audit Board are manifestly suitable and have academic and professional experience appropriate to the exercise of supervisory functions, and item 19 above on diversity matters are applicable to them.

In order to ensure a more assertive understanding of the effective qualifications, experience and availability of the Statutory Audit Board members, the functions performed by them, as well as their academic and professional qualifications and professional activities, are in the Annex to this report.

B) FUNCTIONING

34. Rules on the functioning of the Statutory Audit Board

The functioning and powers of the Statutory Audit Board are established in its Regulations, approved on 20 July 2021 and 24 February 2022, which is available at https://www.nos.pt/institucional/PT/investidores/governo-de-sociedade/Documents/Regulamento%20CF_fev_2022_EN.pdf

35. Meetings held and the attendance report of the members of the Statutory Audit Board

In 2021, under its competences, the Statutory Audit Board had 14 meetings and in their meetings, among other activities, it was discussed the annual and quarterly financial statements and it was made an opinion regarding it, the Group policy was assessed regarding the provision of non-audit services, the Internal Audit activity and the conclusion on the respective work of the NOS Group companies was monitored, the suitability of the activity and independence of the Internal Audit was evaluated, also being made the monitoring of the Risk Management model applied to NOS Group, the suitability of the accounting policies adopted by the Group was analysed, and it was presented the budget review suppositions and forecast. Minutes of the meetings were drawn-up.

The attendance degree of the members of the Statutory Audit Board in the meetings was 100%.

36. The availability of the members of the Statutory Audit Board with details of any positions held at the same time in other companies within and outside the Group

Members of the Statutory Audit Board have a high degree of availability for the performance of their respective duties.

The offices held by the members of the Statutory Audit Board in other companies are in the Annex to this Report.

C) POWERS AND DUTIES

37. A description of the procedures and criteria applicable to the supervisory body for the purposes of hiring additional services from the external auditor

In order to ensure the independence of the External Auditor, the Statutory Audit Board, according to its Regulations, has the following powers and duties with regard to the external audit:

- Selecting the statutory auditors or statutory auditing firm to be proposed to the General Meeting, with a justified recommendation on its preference for one of them;
- It is the main counterpart of the External Auditor and the first recipient of the relevant reports, and is responsible, inter alia, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the Company; and
- It evaluates the External Auditor on an annual basis and proposes to the relevant corporate body its dismissal or termination of the contract of services where there is a valid basis for the said dismissal.

In addition, the Statutory Audit Board approved regulations for the provision of services by the External Auditors ("Regulations for the Provision of Services"), which defines the rules applicable to services other than audit services ("Non-Audit Services") or related to audit ("Audit-Related Services") provided by the External Auditor to NOS and its subsidiaries, included on the appropriate scope of consolidation, specifying the different audit services that cannot be carried out by the Statutory Auditor and the procedures to assure its independence. These Regulations for the Provision of Services shall apply to services provided by the External Auditor and related companies, with its latest version, approved on 24 February 2022 available at https://www.nos.pt/institucional/PT/investidores/governo-de-sociedade/Documents/Regulamento%20CA_2019.pdf

Under the mentioned Regulations for the Provision of Services, hiring non-audit or audit-related services should be deemed as exceptions or complements, respectively, and in accordance with the rules laid down in those Regulations.

The annual fees for non-audit services cannot exceed the amount corresponding to 70% of the average of the statutory audit fees of the last 3 financial years, provided to the Company and its subsidiaries, included in the consolidation perimeter using the full consolidation method.

The provision of non-audit services by the Statutory Auditor/Statutory Auditing Firm requires the prior approval and authorisation of the Statutory Audit Board, which adequately assesses the threats to independence arising from the provision of these services and the safeguarding measures applied in accordance with article 73 of Law no. 140/2015 of 7 September.

For this purpose, the Statutory Audit Board should receive a proposal regarding the provision of services

to be submitted for approval and authorisation, as well as any additional information that may be deemed relevant, which shall comply with the following requirements:

a) Be clear about the services to be rendered and the fees that will be charged for them;

b) Include a declaration of conformity with the independence principles defined in article 2 of the Regulations for the Provision of Services;

c) Include reasoning for the provision of the services;

d) Include the initial date for the provision of services and its respective fees.

As per the Regulations for the Provision of Services, if a member of the network of the Statutory Auditor/Statutory Auditing Firm who performs the statutory audit of the accounts of NOS or its subsidiaries, provides any prohibited non-audit services pursuant article 5(1) of Regulation (EU) no. 537/2014 of the European Parliament and of the Council of 16 April 2014, to an entity with offices in a third country that is controlled by NOS or its subsidiaries, the Statutory Auditor/Statutory Auditing Firm shall assess whether its independence is compromised by such service provision by the member of the network, in accordance with article 5(5) of the mentioned Regulation (EU) no. 537/2014 of the European Parliament and of the Council of 16 April 2014.

38. Other duties of the supervisory body

Under the terms of the Company's Articles of Association and the relevant Regulations, and in addition to the above mentioned in item 34, it is to be noted that the Statutory Audit Board:

- Evaluates the functioning of the risk management system, the internal control system and the internal audit system and supervises their efficiency, proposing any adjustments that may be deemed necessary, as well as receiving the corresponding reports;
- Receives reporting of irregularities and, with the support of the committees, commissions or other internal units or entities under their respective competences, promotes its record and processing, as well taking decisions within their competence in these issues;
- Issues a prior opinion on relevant business activities with shareholders of qualified holdings, or entities with whom they are in any relationship, according to article 20 of the Portuguese Securities Code;
- Oversees and gives its opinion on the Company's annual report and accounts, including its scope, preparation and disclosure, and also other financial information requiring the Statutory Audit Board's involvement pursuant to the law;
- Informs the Board of Directors of the statutory audit results and explains the way it helped to assess the integrity of the preparation and disclosure of the financial information process, as well as the role which the Statutory Audit Board played in such process; and
- Whenever it deems appropriate, makes a decision, in advance and in good time, and gives a prior opinion on any reports, documents or information of a financial nature that may be evaluated by the Board of Directors and is to be disclosed to the market, notably the preliminary announcements of the quarterly accounts, or submitted by the Company to any competent supervisory authority.

The Statutory Audit Board also decides on strategic lines and risk policy established by the management body prior to its approval and also on work plans and the resources allocated to the internal control services, annually evaluating the compliance with the Company's strategic plan and the budget and the risk management. The Statutory Audit Board has mechanisms implemented that allow, periodically, monitoring and control (i) of the risk management model, (ii) of the liquidity and interest rate risk, (iii) of the current management of treasury operations and the accounting policies adopted by the Group, (iv) of the current main judicial and fiscal disputes and their possible accounting impact on the accounts, and (v) of the procedures of fraud and corruption management.

The Statutory Audit Board also promotes periodic meetings with the Statutory Auditor for the purposes of monitoring the latter's work.

IV. STATUTORY AUDITOR

39. Details of the statutory auditing form and the partner that represents said auditor

Pursuant to the Company's Articles of Association, the Statutory Auditor or Statutory Auditing Firm, full and alternate, is elected by the General Meeting acting on a proposal from the Statutory Audit Board and they perform their respective duties for periods of 3 years.

On 31 December 2021, this corporate body had the following composition:

Permanent	Ernst & Young Audit & Associados, SROC, S.A. (OROC No. 178 / CMVM no. 20161480), represented by Sandra e Sousa Amorim (ROC No. 1213 / CMVM No. 20160824)
Substitute	Pedro Jorge Pinto Monteiro da Silva e Paiva (ROC No. 1258 / CMVM No. 20160869)

40. State the number of years that the statutory auditor consecutively carries out duties with the company and/or group

The Full Statutory Auditor was elected for the first time on the 23 April 2014 General Meeting, and the Alternate at the General Meeting of 8 May 2019.

Thus, the current full Statutory Auditor began its functions in the Company in 2014, having consecutively served the Company for approximately 8 years.

41. Other services provided to the Company

The description of other services provided by the Statutory Auditor to the Company is in items 46 and 47 of this Report.

V. EXTERNAL AUDITOR

42. Details of the external auditor and the partner

On 31 December 2021, they were performing the audit functions provided in article 8 of the Portuguese Securities Code:

Permanent	Ernst & Young Audit & Associados, SROC, S.A. (OROC No. 178 / CMVM no. 20161480), represented by Sandra e Sousa Amorim (ROC No. 1213 / CMVM No. 20160824)
Substitute	Pedro Jorge Pinto Monteiro da Silva e Paiva (ROC No. 1258 / CMVM No. 20160869)

43. State the number of years that the external auditor and respective partner that represents said auditor in carrying out these duties consecutively carries out duties with the company and/or group

Ernst & Young Audit & Associados, SROC, S.A. began their functions in the Company in March 2014, having consecutively served for approximately 8 years.

44. Rotation policy and schedule of the external auditor and the respective partner that represents said auditor in carrying out such duties

Neither the Articles of Association nor the internal regulations set out the periodic rotation of the External Auditor. However, in practice, the rules provided for in the Statutory Audit Bar Statute (EOROC) are applicable to the Statutory Auditor (including the respective partner), i.e., the maximum period of performance of duties by the partner of the statutory auditing firm that acts as the external auditor is 7 years and the maximum period of performance of duties by the statutory auditing company is 10 years.

45. Details of the board responsible for assessing the external auditor and the regular intervals when said assessment is carried out

The Statutory Audit Board has the duty to evaluate the External Auditor on an annual basis and to propose to the relevant corporate body its dismissal or termination of the contract of services where there is a valid basis for the said dismissal.

To that effect, the Statutory Audit Board annually fills out an assessment questionnaire regarding the External Auditor, which addresses issues such as independence, internal control, meeting periodicity, and financial reporting. In addition, and to assist in the assessment, the CFOs in coordination with the Financial Board and the External Auditor itself also fill out questionnaires.

46. Services, other than auditing, carried out by the external auditor for the company and/or companies in a control relationship and an indication of the internal procedures for approving the recruitment of such services and a statement on the reasons for said recruitment

EIn 2021, the following non-audit services were hired by NOS or its subsidiaries:

a) Review of financial statements with a limited level of assurance, which includes limited reviews of quarterly, half-yearly or other period accounts;

b) Comfort letters and other reports of agreed procedures, within the scope of prospects and other procedures related to securities;

c) Audit to the Social Responsibility and Sustainability Reports;

d) Other certifications not required by law or by the Company's Articles of Association;

e) Other services, namely the ones that may be provided by the External Auditors, due to their professional experience and/or knowledge of the company, and that are not described in the previous paragraphs, such as Due Diligences in potential acquisitions and/or sales.

The provision of such services does not constitute a threat to the independence of the External Auditor nor does it fall within the prohibited services provided for in article 5(1) of Regulation (EU) no. 537/2014 of the European Parliament and of the Council of 16 April 2014 and, given the nature of the services concerned, there are efficiency gains which justify its provision by the External Auditor.

47. Details of the annual remuneration paid by the Company and/or legal persons in a control or group relationship to the auditor and other natural or legal persons pertaining to the same network and the percentage breakdown relating to the following services

In 2021, NOS Group (the Company and companies controlled by or in a group relationship with the Company) paid, as fees to NOS Statutory Auditor and External Auditor (Ernst & Young, S.A. (E&Y), and to its network of companies), the following amounts:

BY THE COMPANY	**142,724**	**%**
Amount of the accounting services (€)	51,824	36%
Amount of the reliability assurance services (€)	90,900	64%
BY ENTITIES THAT ARE INCLUDED IN THE GROUP*	**207,151**	**%**
Amount of the accounting services (€)	145,101	70%
Amount of the reliability assurance services (€)	62,050	30%
TOTAL	**349,875**	**%**
Amount of the accounting services (€)	196,925	56%
Amount of the reliability assurance services (€)	152,950	44%

* Including individual and consolidated statements

During 2021, the non-audit services represented 69% of the average of the statutory audit fees of the last 3 financial years. The Statutory Audit Board receives and reviews the information on the fees and services provided by the External Auditor on a quarterly basis.

C.
INTERNAL ORGANISATION

I. ARTICLES OF ASSOCIATION

48. The rules governing amendment to the articles of association

Amendments to the Articles of Association, including those concerning share capital increases, always depend of shareholder's resolutions, in which must be present or represented, in case of first call, at least 50% of the shareholders.

Such resolutions are taken by the majority provided for by law, which consists of two thirds of the votes cast, except on a second call if the shareholders holding at least half of the share capital are present or represented, in which case these resolutions can be taken by a majority of the votes cast.

II. REPORTING OF IRREGULARITIES

49. Reporting means and policy of irregularities

In line with the principles established in its Code of Ethics, applicable to all employees, and in its Code of Conduct on Prevention of Corruption and Related Infringements, NOS has mechanisms for detecting and preventing irregularities, which include the implementation of the Internal Control Manual and Fraud and Corruption Management procedures and, in general, its risk control system, better described in Items 50 and following. NOS also has a policy for reporting irregularities occurring within the Company and has a Regulations for the Reporting of Irregularities (whistleblowing) available at https://www.nos.pt/institucional/PT/investidores/governo-de-sociedade/Documents/Regulamento%20Comunicacao%20de%20Irregularidades_fev2022_EN.pdf.

Any communication of Irregularities covered by the Regulations shall be treated as confidential, unless the author expressly and unequivocally requests otherwise. Anonymous complaints will only be accepted and treated on an exceptional basis and, in any case, no reprisal or retaliation will be tolerated against those that make the mentioned communications.

Any evidence of irregularities should be reported in writing, marked as "confidential", and sent to the Statutory Audit Board, via letter to the postal address exclusively for this purpose – Apartado 4035, Loja CTT Senhora da Hora, 4461-901, Senhora da Hora Lisbon, or via email to comunicar.irregularidades@nos.pt, fthe chosen reporting method shall be the whistleblower's discretion.

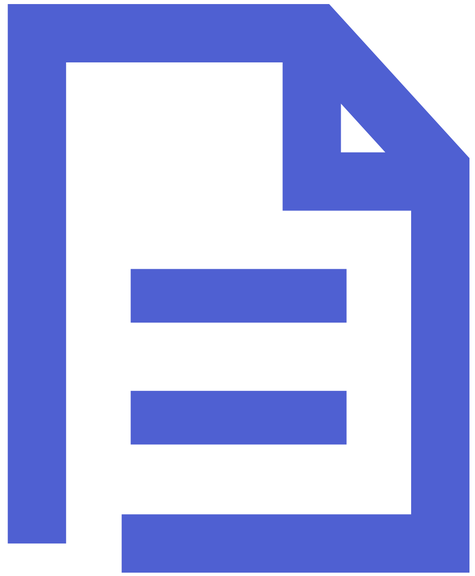
The Statutory Audit Board is responsible for receiving, recording and processing the communications of Irregularities that occur in NOS or in the companies within the respective Group and for undertaking other acts which are necessarily related with those powers. The Internal Audit must assist the Statutory Audit Board to perform those competences. In addition, the Statutory Audit Board may hire external auditors or other experts to assist in the investigation, when the specific nature of the matters in question so justifies it.

The Statutory Audit Board, within the limits of its powers, shall monitor the correct application of the procedure established by the aforementioned Regulations.

III. INTERNAL CONTROL AND RISK MANAGEMENT

50. Individuals, boards or committees responsible for the internal audit and/or implementation of the internal control systems

The internal control and risk management system at NOS consists of various key parties with the following responsibilities and goals:



BODY / COMMITTEE / AREA	RESPONSIBILITIES
Board of Directors	• Define and approve the strategy and main policies of NOS, including the Risk Management Policy. • Decide on the matters which are to be deemed as strategic in view of their amount, risk or special characteristics. • Supervise the internal control and risk management system within NOS, and delegate its creation and operation to the Executive Committee..
Executive Committee	Within the powers conferred by the Board of Directors: • Create and ensure the functioning of the NOS internal control and risk management system, using the powers delegated by the Board of Directors. • Discuss and approve the risk assumption objectives, including risk acceptance levels, approve the NOS strategic plans and risk management policies in order to ensure that the risks effectively incurred are consistent with those objectives, and respect the strategies and policies established by the Board of Directors. • Make proposals to the Board of Directors on matters pertaining to NOS internal control and risk management which are considered strategic.
Areas	• Implement the internal controls and risk management specific to each department of the NOS business units, as part of their responsibility for NOS corporate or functional processes. • Form specific risk management teams, such as risk committees or working teams, necessary for the development of certain risk management programmes. These may include an Executive Committee officer, a Steering Committee of Directors and various Pivots/Champions representing the business units.
Risks and Compliance	• Promote awareness, measurement and management of business risks that interfere with the achievement of objectives and the creation of value for NOS. • Contribute with tools, methodologies, support and know-how for the different areas. • Promote and monitor the implementation of programmes, projects and actions designed to bring risk levels closer to the acceptable limits established by the Company's management.
Internal Audit	• Assess risk exposure and check the effectiveness of risk management, of the internal controls on business processes, and information and telecommunications systems. • Propose measures to improve internal controls, to achieve more effective management of business and technological risks. • Monitor changes in risk exposure associated with the main findings and nonconformities identified in the audits. • Report to the Statutory Audit Board regarding these matters.
External Audit (Statutory Auditor)	• Check the effectiveness and functioning of internal control mechanisms and report the weaknesses identified to the Statutory Audit Board. • Audit the Company's accounts, issue the corresponding legal certification for the accounts and an audit report, as part of its public interest functions
Statutory Audit Board	• Evaluate the functioning of the internal control and risk management systems and the internal audit system, as the supervisory body with legal and statutory responsibility for these matters. • Give an opinion on the work plan and the resources allocated to the Internal Audit services. • Serve as the main spokesperson for the External Audit, be the first recipient of their reports, and be responsible for proposing remuneration and ensuring that suitable conditions exist within NOS for the performance of these External Audit services. • Annually assess the External Audit and propose their dismissal or the termination of their service provision agreement to the competent body, whenever justified grounds exist for this purpose. • Prior to its final approval by the Board of Directors, pronounce itself on the strategic lines and the Risk Management Policy. • Assess the degree of internal compliance and the performance of the risk management system, in particular as the recipient of: (i) the reports on the External Audit's assessment of the internal control system; (ii) the annual report on the Internal Control Manual prepared by NOS.
Audit and Finance Committee	• As a specialised committee, advise the Board of Directors on certain matters, including those relating to the functions of the External Audit, Internal Audit, and Risk and Compliance, thereby reinforcing, in a complementary manner, the monitoring of these matters which is carried out by the Statutory Audit Board.

51. Organisational structure, of hierarchical and/or functional dependency in relation to other boards or committees of the Company

The hierarchical and functional relationships are as follows:

- The Internal Audit and the Risk and Compliance report hierarchically to the **NOS Executive Committee**, specifically to the CCO (Chief Compliance Officer).

- The Internal Audit and Risk and Compliance (this in the Internal Control area) functionally report to the **NOS Statutory Audit Board** which, as a supervisory body with legal and statutory responsibility for assessing the functioning of the internal control and risk management systems and the internal audit system, shall receive the corresponding reports and must give an opinion on the work plan and resources allocated to the Internal Audit services. The supervisory body shall evaluate the degree of internal compliance and the performance of the risk management system, in particular by receiving the reports on the External Audit assessment of the internal control system. In addition, the supervisory body should also receive the annual report on the Internal Control Manual (including indicators on effectiveness, coverage, etc.), as well as other reports that may be deemed relevant, made by the Internal Audit or the Risk and Compliance, in matters such as accounting, identification or settlement of conflicts of interest and detection of possible irregularities. From the assessments and reports previously mentioned, the Audit, Risk and Compliance functions or other organisation

areas, as applicable, may need to adjust the internal control and risk management systems to be implemented by the managing bodies or other bodies.

- The Internal Audit and the Risk and Compliance (this in the Internal Control area) also report functionally to the **NOS Audit and Finance Committee**, as the specialised committee that advises the Board of Directors on certain matters, including those concerning the Audit and Risk and Compliance functions, thus reinforcing, complementarily, the supervision of these matters already carried out by the Statutory Audit Board.

- The Internal Audit monitors the **NOS Ethics Committee**, in its capacity as the committee responsible for overseeing and maintaining the NOS Code of Ethics, for monitoring its implementation and for ensuring that all members of corporate bodies and all employees of the company comply with it.

- The Risk and Compliance should coordinate the **NOS Security & Privacy Team**, as the core team responsible for coordinating security, privacy and continuity programmes.

With regards to the internal control and risk management system monitoring at NOS, it is also important to highlight the way in which the **Board of Directors** intervenes in the establishment of risk assumption objectives and its fulfilment as a managing body:

- The Board of Directors discusses and approves the Risk Management Policy proposed by the Executive Committee. Prior to its final approval by the Board of Directors, the Statutory Audit Board assesses and pronounces itself on this policy.

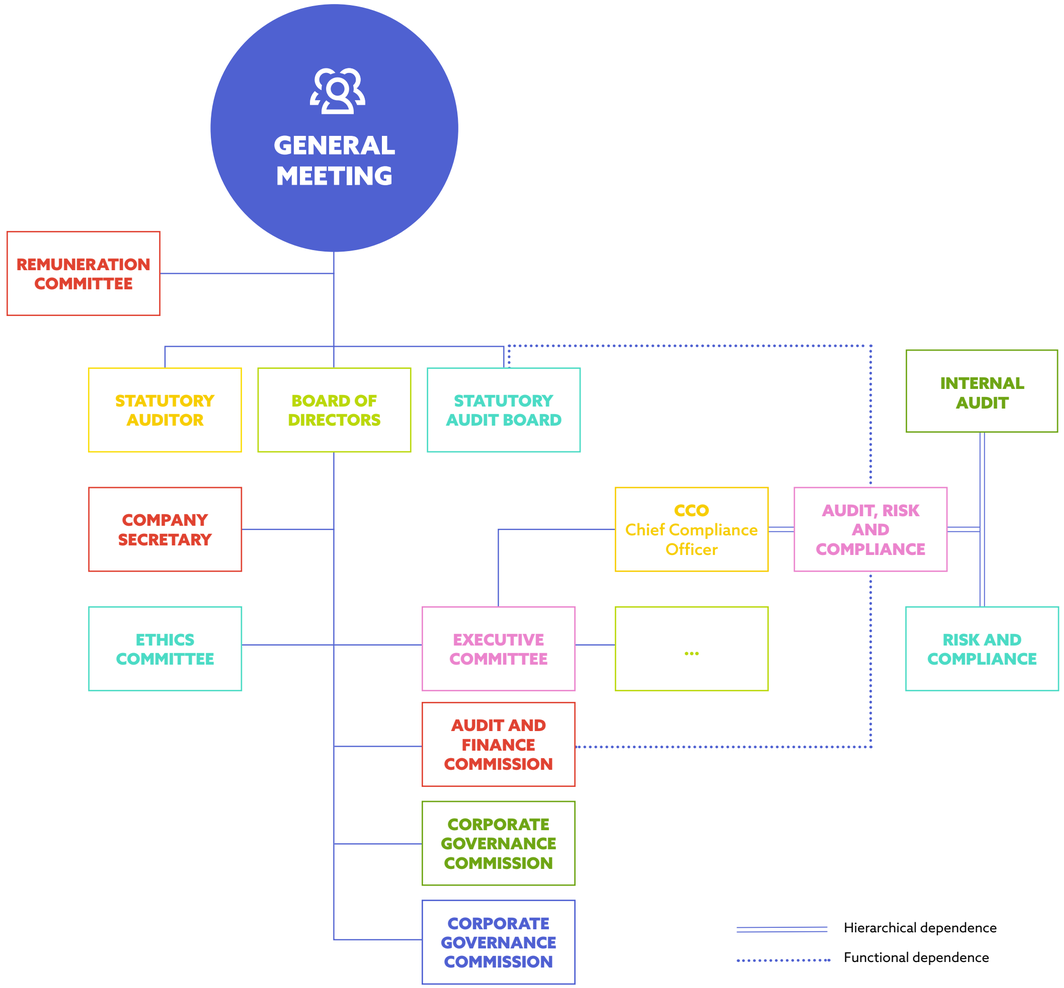
- The Board of Directors discusses and approves the Company's strategic plans proposed by the Executive Committee and these plans do not exceed the risk assumption limits.

- The executive Committee ensures the functioning of the organisation's internal control and risk management system, using the powers delegated by the Board of Directors.

- In any case, the responsibility to decide on matters which should be regarded as strategic by virtue of their value, risk or particular characteristics is still of the Board of Directors (not delegated in the Executive Committee).

- The Board of Directors receives the relevant reports arising from the Risk Assessments from the Executive Committee, this being a periodic control mechanism to ensure that the risks effectively incurred are consistent with those objectives established by the Board of Directors as a managing body.

The remaining responsibilities in the creation, functioning and periodic assessment of the internal control and risk management system are set out in the Regulations of the respective Company's bodies or committees.



52. Other functional areas responsible for risk control

In addition to the areas referred to in the preceding sections, the Company has other functional areas with competence in internal control and risk management that make a decisive contribution to maintaining and improving the control environment. Particularly notable in this context are the following business areas and processes:

- The areas of **Planning and Control**, in coordination with the corresponding pivots in the areas of business, are responsible for monitoring the implementation of annual Action and Resource Plans (as part of NOS strategic plans) and the correspondent budgets and forecasts, in the financial and operational components;
- The **Financial and Assurance Services** areas have a central responsibility in managing the risks relating to Financial Information, as described elsewhere in this Report;
- The **Legal and Regulatory** areas must keep abreast of changes in the applicable legal and regulatory framework and the corresponding risks, given the threats and opportunities they represent for the NOS competitive position;
- The **Risk Assurance** (usage control, subscription fraud, consumption, content, etc.), Network and **Service Supervision** (network and service availability, interruption incident management, etc.), and **Cybersecurity** teams (monitoring of threats to cyber vulnerability, cyber incident management, etc.) monitor specific risks of the NOS activity;
- The **technological areas**, including **Networks** and **Information Systems**, shall have indicators and alerts for service disruption and security incidents at the operational level;
- The **various areas of business and individual employees** are required to comply with the procedures set out in the **Internal Control Manual**, ensuring that all acts or transactions engaged in are appropriate and properly evidenced;
- The **various business areas** must have internal controls that ensure not only the commitment of the areas to the risk management and internal control environment, but also permanent monitoring of the effectiveness and adequacy of these controls, as well as processes and i**ndicators to monitor operations and Key Performance Indicators**.

53. Details and description of the major economic, financial and legal risks to which the Company is exposed in pursuing its business activity

The Company is exposed to economic, financial and legal risks arising from its business activities.

In section "6.2.2. Risk Management" of the Management Report, the main types of risks to which NOS is exposed when pursuing its business activity are detailed and described.

The selection process of **relevant risks of 2021** can be found in the mentioned section, including the **details** and **description** of the risks, segmented in current environment risks (predominantly NOS external environment), intrinsic risks (to the NOS businesses and activities), risks associated with sustainability (ESG risks), and financial risks (related to Key Audit Matters identified by the External Auditor), and also their main response **strategies and actions** to risks.

54. Description of the procedure for identification, assessment, monitoring, control and risk management

NOS has a **Risk Management Policy** that defines the methodologies, the entities involved and their responsibilities (available at https://www.nos.pt/institucional/EN/investors/corporate-governance/Documents/NOS%20-%20Politica%20de%20Gestão%20de%20Risco_dez_2019_ENG.pdf) particularly here sections "3.1.1. Risk management methodologies" and following.

The methodologies adopted for risk management and internal control take into account the references provided by the bodies responsible for promoting control mechanisms in the markets, including the aforementioned principles and recommendations of the IPCG's **Corporate Governance Code**. The methodologies also consider the applicable **legal and regulatory** requirements. In addition, for internal control aspects relating to ICT (Information and Communication Technologies) frameworks such as **COBIT** (Control Objectives for Information and related Technology) are considered.

The risk management and internal control processes at NOS shall be supported by a consistent and systematic methodology, based on international reference standards such as the **Enterprise Risk Management - Integrated Framework**, issued by COSO (Committee of Sponsoring Organisations of the Treadway Commission).

Taking into consideration these reference methodologies, the management and control of risks are achieved using the **main approaches and methods** presented below:

	CORPORATE RISK MANAGEMENT *ENTERPRISE RISK MANAGEMENT (ERM)*	**CONTINUOUS MONITORING OF RISKS AND CONTROLS** *CONTINUOUS MONITORING (CM)*
Approach	This aims to align the risk management cycle with the NOS strategic planning cycle. It allows NOS businesses to prioritise and identify critical risks that may compromise their performance and objectives and take action to manage those risks. The approach provides for periodic risk monitoring and implementation of certain corrective actions.	This allows the continuous review of business processes, ensuring in a preventive, proactive and dynamic way the maintenance of an acceptable level of risk and control. The Internal Control Manual systematises and references the controls, facilitating their dissemination and promoting their compliance by the various stakeholders of NOS.
Method	**1.** Identify and evaluate risks that impact the business **2.** Explore risks and their causes **3.** Measure risks using indicators **4.** Manage risk through actions **5.** Monitor risks	**1.** Define processes, business cycles and data structure **2.** Establish control design **3.** Implement, disseminate and ensure the effectiveness of controls **4.** Analyse and report status metrics of control implementation **5.** Monitor action plans and update controls.

The approach adopted by NOS for Enterprise Risk Management (ERM) is to incorporate risk management into NOS strategic planning activities. During the preparation of annual Action and Resources Plans, as part of the Strategic Plans, the business areas consider risks that may compromise their performance and objectives and define actions to manage those risks, within the levels of acceptance intended and established by the Executive Committee. The plans are discussed and approved by the Executive Committee.

The risk assessment exercises are approved by the Executive Committee and are subjected to a final approval by the Board of Directors, being monitored by the Statutory Audit Board and by the Audit and Finance Committee, so they can assess and pronounce themselves prior to its final approval, within the scope of their respective powers in the supervision of the internal control and risk management system of the organisation.

55. Core details on the internal control and risk management systems implemented in the Company regarding the procedure for reporting financial information

NOS is potentially exposed to **risks related to accounting and financial reporting processes**. The Company ensures the quality and improvement of the most relevant processes for preparing and disclosing financial statements, in accordance with the accounting principles adopted and bearing in mind the objectives of transparency, consistency, simplicity, and materiality. In this context, the Company's attitude to financial risk management has been conservative and prudent.

The main elements of the risk management and internal control systems related to financial information are described in section "3.1.4. Risk Management and Financial Information Controls" of the **NOS Risk Management Policy**.

The **functional responsibilities** for financial statements at the corporate level of NOS and in the Group are distributed as follows:

- The **Entity Level Controls** are defined in corporate terms, are applicable to all the group companies, and aim to establish internal control guidelines for NOS subsidiaries;
- **Process Level Controls** and **IS/IT Controls** are defined in corporate terms and applied to NOS subsidiaries, adapted to their specific characteristics, organisation and responsibility for processes.

Given this breakdown, controls relating to the collection of the information that serves as a basis for the preparation of the financial statements are generally located in the **departments of each of the subsidiaries**; controls related to the processing, registration and accounting archive of this information are located, at corporate level, in the **Financial and Assurance Services Department**.

The internal control and risk management system associated with financial statements includes several **key controls**, in which it is included the following:

- The process of disclosure of financial information is institutionalised, the criteria for preparation and disclosure have been duly approved, are fully established and periodically reviewed;
- The use of accounting principles, explained in the Annexes to the Financial Statements notably on the section regarding "Accountancy Policies", is one of the key pillars of the control system;
- The controls are aggregated by the business cycles that give rise to the financial statements, and by the corresponding classes and subclasses of transactions.

The Financial and Assurance Services Department must, for the most significant situations, prepare a set of documents on the policies and procedures implemented and how they relate to the **IFRS (International Financial Reporting Standards)**, as well as addressing potential sources of risk that may materially affect accounting and financial reporting.

Among these **potential sources of risk**, we would like to highlight the following:

- Accounting estimates – The most significant accounting estimates are described in the Annexes to the Financial Statements. The estimates were based on the best information available during the preparation of the financial statements and on the best understanding and best experience of past and/or present events;
- Balances and transactions with related parties – The most significant balances and transactions with related parties are disclosed in the Annexes to the financial statements. For certain transactions with related parties there are value thresholds (disclosed in the Corporate Governance Report) above which the prior opinion of the Statutory Audit Board must be requested.

NOS adopts various **measures to help manage risks** and to maintain a robust internal control environment, including initiatives of the following type:

- Conformity tests – These include periodical control self-assessment of the internal control system and the consequent revision of the Internal Control Manual, ensuring that it is always up to date. Corrective action is also included on control procedures considered to be non-compliant as a result of the compliance assessment work carried out by the Internal Audit and External Audit;
- Review and improvement of design of controls – These include the review of the procedures of control and the strengthening of business cycles and financial flows with levels of relevant materiality, to improve the control environment and the control and perception of current risks (operational and financial). This reinforcement includes the creation of an aggregating vision of the life cycles of the assets or the associated financial flows, as well as the respective processes and systems that support them.

In addition to the financial risks referred to in the section on the main types of risks with an impact on the business, the Company is potentially exposed to other financial risks that may have an impact on the financial statements, such as credit risk (related to balances receivable), liquidity risk (related to sufficient assets to cover liabilities), market risk (related to exchange rate and interest rate variations) and capital risk (related to financial loans and the remuneration of shareholders).

In the Annexes to the Financial Statements, namely in the "Risk Management Policies" section, more specific information can be found on financial risk management policies, as well as on how risks associated with the financial statements are managed and controlled.

IV. INVESTOR RELATIONS

56. Department responsible for investor assistance

The Investor Relations & Sustainability Department, comprised of 4 members, aims at ensuring the proper relationships with shareholders, investors and analysts, under the principle of equal treatment, as well as with the financial markets in general and, in particular, with Euronext Lisbon and with CMVM.

The Investor Relations & Sustainability Department, delegated by the Executive Committee is also in charge with the responsibility of implementing the NOS Sustainability Strategy, ensuring the respective daily management and coordination with the various Departments and business areas. This is another example of the sustainability's strategic importance for the organisation, actively contributing for the strengthening of its position in the capital market and accessing new sustainable financing models, and also to leverage the ESG (Environmental, Social and Governance) independent and public recognition to promote the sustainable development of the brand with all of the stakeholders.

This Department:

a) Each year, publishes the management report and accounts, also publishing annual, half-yearly, and quarterly privileged information and shareholders and remaining stakeholders can access this information on the Company's website (www.nos.pt/ir);

b) Provides regular press releases, presentations, and announcements on the quarterly, half-yearly and annual results, as well as on any relevant facts that occur;

c) It provides full explanations to the financial community in general – shareholders, investors (institutional and private) and analysts, also assisting and supporting shareholders in the exercise of their rights;

d) Organises regular meetings between the executive management team and the financial community through attendance at specialised conferences and by holding roadshows both in Portugal and in the main international financial markets and frequently meets investors who are visiting Portugal.

In 2021, the main Investor Relations events were:

DATE	FORMAT	LOCATION
2 February	Santander Iberian Conference	Virtual
14 April	JBCM Iberian Conference	Virtual
23 June	Band of America Made in Iberia Days	Virtual
1 September	Barclays Telecoms Forum	Virtual
15 September	CaixaBank Iberian Conference	Virtual
17 September	Roadshow	Virtual
22 September	Goldman Sachs Communacopia	Virtual
27 September	Roadshow	Virtual
17 November	Morgan Stanley TMT Conference	Virtual

Information requests can be sent to the Investor Relations and Sustainability Department, through the following contacts:

Rua Actor António Silva, n.º 9
1600 - 404 Lisboa (Portugal)
Tel. +(351) 21 782 47 25
Fax: +(351) 21 782 47 35
E-mail: ir@nos.pt

57. Market relations representative

NOS representative for market relations is Maria João Carrapato, Investor Relations and Sustainability Director.

58. Data on the extent and deadline for replying to the requests for information received throughout the year or pending from preceding years

NOS has a record of all enquiries and their processing, all of which have been immediately or dealt with within the maximum period of 24 business hours.

It is to be noted that, as at 31 December 2021, there were no enquiries unanswered

V. WEBSITE

59. Address

NOS offers all legal, financial, and governance information on its website www.nos.pt.

60. Place where information referred to in article 171 of the Portuguese Companies Code is available

Information related to article 171 of the CSC can be found in the "Legal Identification" tab of NOS website https://www.nos.pt/institucional/EN/investors/corporate-governance/Pages/default.aspx.

61. Place where the articles of association and regulations on the functioning of the boards and/or committees are available

Articles of Association of the Company
https://www.nos.pt/institucional/EN/investors/corporate-governance/Pages/default.aspx.

Regulations of the Board of Directors
https://www.nos.pt/institucional/EN/investors/corporate-governance/Documents/Regulamento%20CA%20EN_2019.pdf.

Statutory Audit Board Regulations
https://www.nos.pt/institucional/PT/investidores/governo-de-sociedade/Documents/Regulamento%20CF_fev_2022_EN.pdf.

Composition, Operation, and Delegation of Powers of the Executive Committee
https://www.nos.pt/institucional/EN/investors/corporate-governance/Documents/Deleg_CE_2021_EN.pdf.

Regulations of the Corporate Governance Committee
https://www.nos.pt/institucional/EN/investors/corporate-governance/Documents/Regulamento%20CGS_2019%20EN.pdf.

Regulations of the Audit and Finance Committee
https://www.nos.pt/institucional/EN/investors/corporate-governance/Documents/Regulamento%20CAF_2019.pdf.

Regulations of the Appointments and Assessment Committee
https://www.nos.pt/institucional/EN/investors/corporate-governance/Documents/Regulamento%20CNA__2019%20EN.pdf.

The Ethics Committee Regulations can be found at
https://www.nos.pt/institucional/PT/investidores/governo-de-sociedade/Documents/Regulamento%20CdE_fev2022_EN.pdf.

62. Place where information is available on the names of the corporate board's members, the market relations representative, the investor assistance office or comparable structure, respective functions and contact details

The identity of the members of the NOS corporate bodies are in the "Board of Directors", "Executive Committee", "Remuneration Committee", "Board of the General Meeting", "Statutory Audit Board", and "Statutory Auditor" tabs at the website https://www.nos.pt/institucional/EN/investors/corporate-governance/Pages/default.aspx.

The market relations representative, as well as the investor assistance office contacts or comparable structure contacts are available at https://www.nos.pt/institucional/EN/investors/contacts/Pages/contacts.aspx.

63. Place where the documents are available and relate to financial statements reporting, which should be accessible for at least five years and the half-yearly calendar on corporate events that is published at the beginning of every six months, including, inter alia, general meetings, disclosure of annual, half-yearly and where applicable, quarterly financial statements

The financial statements, as well as the calendar of corporate events, can be found at NOS website: https://www.nos.pt/institucional/EN/investors/nos-in-numbers/Pages/results.aspx.

https://www.nos.pt/institucional/EN/investors/investors-calendar/Pages/default.aspx.

64.Place where the notice convening the general meeting and all the preparatory and subsequent information related thereto is disclosed

The notice convening the General Meeting and all the preparatory and subsequent information related thereto is disclosed at the website https://www.nos.pt/institucional/EN/general-meeting/Pages/General-Meeting-2021-minute.aspx.

65. Place where the historical archive on the resolutions passed at the company's general meetings, share capital and voting results relating to the preceding 3 years are available

The historical archive on the resolutions passed at the Company's general meetings, share capital and voting results are available at NOS website https://www.nos.pt/institucional/EN/general-meeting/notices/Pages/archive.aspx.

D. REMUNERATION

I. THE POWER TO ESTABLISH

66. Respective details

The Remuneration Committee has the power to, namely, set the remuneration of the members of the Board of the General Meeting, of the Board of Directors (including the Executive Committee), and of the Statutory Audit Board, with the members of these two latter bodies corresponding to directors of NOS.

II. REMUNERATION COMMITTEE

67. Composition of the Remuneration Committee

The Remuneration Committee is composed by 2 elements, with a recognised management experience, having the necessary knowledge to handle and decide on all matters of the Remuneration Committee's expertise, including remuneration policy.

The Remuneration Committee monitors and assesses, on an ongoing basis and with the support of the Appointments and Assessment Committee, the performance of the directors, measuring if the objectives were achieved, and meets whenever necessary.

On 31 December 2021, the Remuneration Committee had the following composition:

Chairman José Côrte-Real

Member Mário Leite da Silva

The 2 members in the Remuneration Committee are independent vis-à-vis the management of the Company.

The Remuneration Committee met one time in 2021, having decided on matters of assessment, remuneration and definition of the goals of the Executive Committee. From this meeting, the respective minutes was drawn up and signed.

During 2021, the Remuneration Committee did not hire any advisory services to help comply with their mission, without prejudice to doing so, freely, whenever it deems necessary, since the Company provides to the members of the Remuneration Committee permanent access, at the Company's expense, to external advisors specialised in various areas, whenever that committee needs it. Those external advisors shall be chosen by the Remuneration Committee, which ensures such services are provided independently by advisors who do not provide services to the Company or to other Group companies.

68. Knowledge and experience by members

The members of the Remuneration Committee hold a vast and recognised management experience, namely in listed companies, having the necessary knowledge to handle and decide on all matters of their expertise, including remuneration policy.

The functions performed by them, as well as their academic and professional qualifications and professional activities, are in the Annex to this Report.

III. REMUNERATION STRUCTURE

69. Description of the remuneration policy

The proposal made by the Remuneration Committee on the remuneration policy for NOS managing and supervisory board members was approved in a NOS General Meeting on 21 April 2021, in which the Remuneration Committee was present in order to provide information or clarifications to shareholders, which is available at https://www.nos.pt/institucional/EN/general-meeting/Documents/Proposta_Ponto_4_ENG_2021.pdf.

NOS remuneration policy is based on the following principles:

a) Remuneration within corporate bodies takes into consideration, amongst other factors, the professional profile of the individual member, the nature of the duties to be performed, competencies of the corporate body and the individual, as well as performance, both on an individual and corporate level;

b) Remuneration within corporate bodies shall appropriately take into account the Company's structure, size, financial position and the complexity of the challenges it faces;

c) Remuneration of the members of the corporate bodies shall follow a model comprising a fixed component, applicable to the members of all corporate bodies, and a variable component, applicable only to executive directors;

d) Remuneration within corporate bodies, in particular that of executive directors, shall take into account the employment terms and remuneration of full-time (or equivalent) employees throughout the Company. This is to ensure that there is consistency and equity relating to remuneration, in terms of respective qualifications, responsibilities, experience and any specific risk associated with the function;

e) The balance of fixed and variable components of executive directors' remuneration shall be aligned with long-term corporate objectives of the Company;

f) The variable remuneration shall be capped, and include a component that rewards directors for both their individual performance and that of the Company. It will also include a long-term component that reinforces the bond between executive directors and the Company, by aligning their interests with those of its shareholders and emphasising the importance of their performance to the overall success of the Company;

g) Non provision of any type of instrument aimed at mitigating the risk inherent in the variability of the variable component of remuneration for the executive members of the Board of Directors;

h) Benchmarking against those applied by comparable companies in the global market, to guarantee alignment with market recommendations and best practices; and

i) Clarity and transparency, namely through its publication on the Company's website.

Under this policy:

i. The non-executive members of the Board of Directors, as they are not responsible for carrying out the defined strategies in a daily basis, only receive a fixed component of remuneration;

ii. The members of the Statutory Audit Board only receive a fixed component of remuneration;

iii. The Statutory Auditor is remunerated under the terms established in the contract, in accordance with the law;

iv. The executive directors' total remuneration includes a fixed component, serving as the "base" remuneration, and a variable component (profit sharing and/or allocation of shares).

The profit sharing can be proposed to shareholders by the Board of Directors. After assessment of the total amount to be distributed, the amount to be received by each member will also depend on alignment with the results.

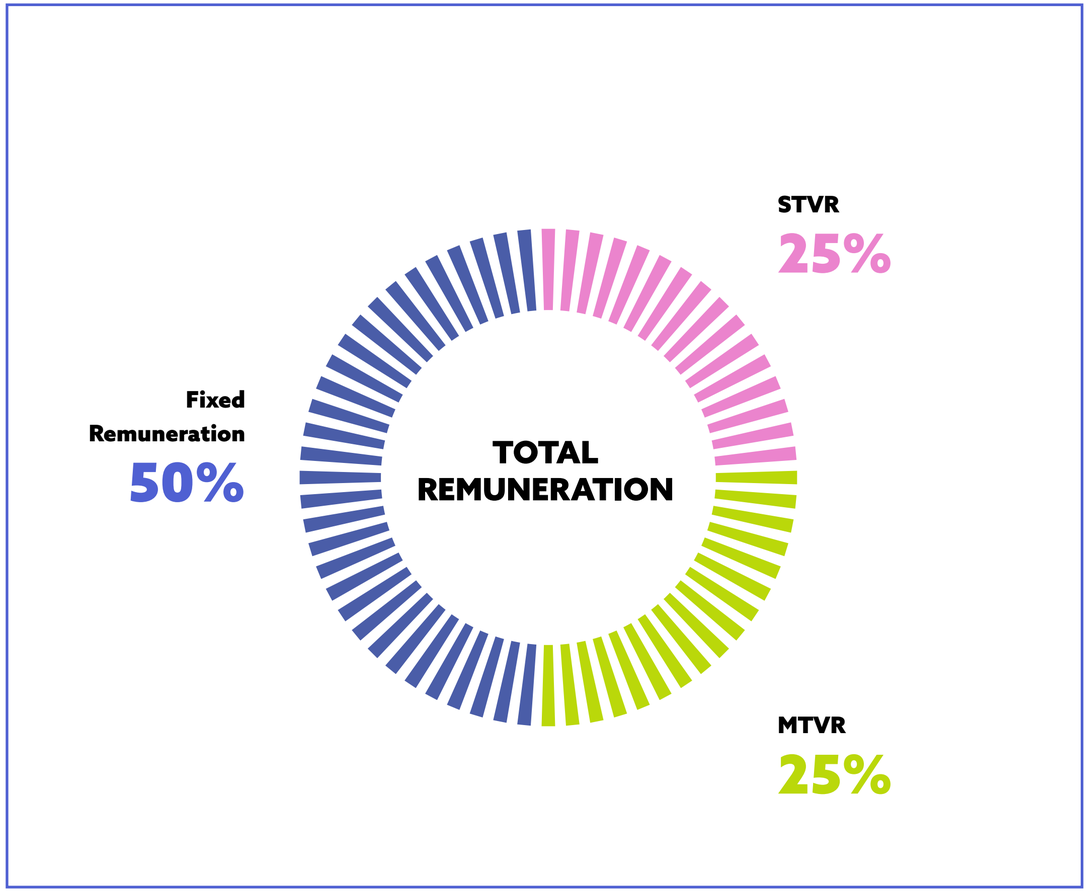
The Share Allocation Plan (NOS Plan), applicable to executive directors approved at the General Meeting aims to (i) ensure the alignment of individual interests with company goals and NOS shareholders' interests, awarding goal achievement, which foresees sustainable value creation, as well as (ii) the strengthening of loyalty mechanisms.

NOS remuneration policy does not provide any adjustment mechanisms (clawback or malus).

During 2021, the NOS remuneration policy in force was strictly complied with, without any deviation or exemption.

70. Remuneration structure and alignment of interests

In proportion, the annual remuneration of the executive directors in 2021 was the following:



Where "STVR" corresponds to short-term variable remuneration and "MTVR" corresponds to medium-term variable remuneration. .

Complying with the NOS remuneration policy principles, the total variable remuneration of the executive directors is calculated using an individual performance qualifier indicator, with a 30% weight, and the NOS performance, measured through (collective) business indicators – Key Performance Indicators (KPI) – previously established, with a 70% weight, which in 2021 corresponded to the following:

1	EBITDA;
2	Consolidated operational Free Cash Flow;
3	Consolidated business volume; and
4	Net Promoter Score (NPS).

The NOS remuneration policy structure is based on a model in which initiative and competence are considered essential foundations for good performance, and that it should be aligned with a sustainable strategy considering the medium- and long-term interests of the Company, and those of its stakeholders. It also discourages risk behaviours, to the extent that it is related with performance assessment.

71. Variable component and performance

The variable remuneration of the executive directors in 2021 comprises:

1. Profit Sharing or Short-Term Variable Bonus (STVR)
This component is equivalent to 50% of the total variable bonus and is paid in cash in the 1st semester following the year to which it relates. After assessing the total amount of profits to be distributed (in line with the overall results of the Company), the Remuneration Committee, in coordination with the Appointments and Assessment Committee, defines the amount to be received by each member. The STVR aims to establish a link between the total amount of bonus awarded and performance, on an individual and a collective level.

This component may only be proposed for approval by the General Meeting if the Company's financial year results so permit it. Since the criteria for awarding variable remuneration are linked to the Company's performance, in this way compliance with those criteria can be ensured.

2.NOS Plan or Medium-Term Variable Bonus (MTVR)
This component is equivalent to 50% of the total variable bonus and is allocated in the 1st semester following the year to which it relates, after approval by the Remuneration Committee. The aim of this bonus is to ensure the alignment of individual interests with company goals and NOS shareholder' interests, awarding goal achievement, which foresees sustainable value creation.

The remuneration awarded in 2021 through the NOS Plan was deferred over a period of 3 years, making the transformation of rights awarded under the NOS Plan in 2021 conditional upon positive Company results, which requires compliance with the following additional condition:

The consolidated net situation in the year n+3, excluding any extraordinary movements occurred after the end of year n, and discounting an amount for each financial year correspondent to a pay-out of 40% on

the net profit in the consolidated accounts of each year of the deferral period (irrespectively of the effective pay out), must be higher than the one calculated found at the end of financial year n. Extraordinary movements, in the period between year n and n+3, include capital increases, purchase or sale of own shares, extraordinary dividends, annual pay-out other than 40% of the consolidated profit of the respective business year or other movements that affect the net situation but do not arise from the Company's operating profits. The net position of the year n+3 should be determined based on the accounting rules used in year n, to ensure comparability.

The value of the variable components (including the NOS Plan), when the allocation is decided by the Remuneration Committee, has no minimum limit and is limited to a maximum amount of 120% with regard to the fixed remuneration.

There are no contracts with guaranteed minimums for the variable remuneration, regardless of the Company's performance, nor are there any contracts to mitigate the inherent risk of the variable remuneration.

72. Deferral of the payment of the variable remuneration

See item 71 above.

73. Allocation of variable remuneration on shares

See item 71 above.

There are no hedging or risk transfer contracts concerning a predefined amount of the total annual remuneration of the Executive Directors. Consequently, the risk underlying the corresponding variability of the remuneration is not mitigated.

74. Allocation of variable remuneration in options

No remunerations based in options are implemented for directors.

75. Annual bonuses and other non-financial benefits

In 2021, no non-financial benefits were given, with the exception of health insurance and life insurance and personal accidents awarded to the executive directors, in line with the general policy of the Group applicable to the other employees and which terms and values fall within market practices.

76. Supplementary pensions or retirement schemes

There are neither supplementary pensions nor early retirement schemes for directors.

IV. REMUNERATION DISCLOSURE

77. Remuneration paid to the directors

During the course of 2021, the director's remuneration was as follows:

NAME (office)	FIXED REMUNERATION (€)	PROFIT SHARING (€)	TOTAL REMUNERATION (€)
ADMINISTRADORES EXECUTIVOS			
Miguel Nuno Santos Almeida (CEO)	625,000	347,113	972,113
Jose Pedro Faria Pereira da Costa (CFO)	437,500	216,894	654,394
Ana Paula Garrido Pina Marques (1)	88,413	-	88,413
Jorge Filipe Pinto Sequeira dos Santos Graca	312,500	169,144	481,644
Luis Moutinho do Nascimento	337,500	182,631	520,131
Manuel Antonio Portugal Ramalho Eanes	362,500	196,119	558,619
Daniel Lopes Beato (2)	150,893	89,438	240,331
Filipa Sousa Taveira Gama Carvalho (3)	152,141	88,219	240,360
ADMINISTRADORES NÃO EXECUTIVOS			
Ângelo Gabriel Ribeirinho Santos Paupério (4) (Chairman of the Board of Directors)	150,000	-	150,000
António Domingues	80,000	-	80,000
António Frederico Lobão Ferreira Correia Teles (5)	8,610	-	8,610
António Bernardo Aranha Gama Lobo Xavier	70,000	-	70,000
Catarina Eufémia Amorim da Luz Tavira Van -Dúnem	60,000	-	60,000
João Pedro Magalhães da Silva Torres Dolores	79,177	-	79,177
Joaquim Francisco Alves Ferreira de Oliveira	60,000	-	60,000
Maria Cláudia Teixeira Azevedo	60,000	-	60,000
Ana Rita Ferreira Rodrigues (6)	79,177	-	79,177
Cristina Maria de Jesus Marques (7)	72,531	-	72,531
José Carvalho de Freitas (8)	60,000	-	60,000

Notes:
1) Ana Paula Marques resigned on 15/01/2021.
2) Daniel Beato began its term of office on 15/01/2021. The fixed remuneration was decided in a Remuneration Committee meeting on 09/03/2021.
3) Filipa Carvalho began its term of office on 15/01/2021. The fixed remuneration was decided in a Remuneration Committee meeting on 09/03/2021.
4) Ângelo Paupério was appointed Chairman of the Board of Directors on 27/01/2020.
5) António Lobão resigned on 15/01/2021.
6) Rita Rodrigues began its term of office on 23/03/2020.
7) Cristina Marques began its term of office on 23/03/2020.
8) José Freitas began its term of office on 23/03/2020.

In 2021, under the NOS Plan, as MTVR, the estimated (1) number of shares to be attributed to each executive director is detailed as follows:

NAME (Office)	Nº. OF SHARES (1)
EXECUTIVE DIRECTORS	
Miguel Nuno Santos Almeida (CEO)	111,758
José Pedro Faria Pereira da Costa (CFO)	69,832
Jorge Filipe Pinto Sequeira dos Santos Graça (Executive Director)	54,458
Luís Moutinho do Nascimento (Executive Director)	58,801
Manuel António Portugal Ramalho Eanes (Executive Director)	63,143
Daniel Lopes Beato BEATO (Executive Director)	28,796
Filipa Sousa Taveira Gama Carvalho (Executive Director)	28,403

(1) The final number of shares to be attributed will be determined on the basis of the average closing price in the 15 sessions prior to 31 March or the decision taken by the Remuneration Committee.

In 2021, the total variable component of the Executive directors was calculated using the achievement of (collective) business indicators, with 70% weight, as follows:

KPI (collective)	RELATIVE WEIGHT (%)
Free Cash Flow Operacional consolidado	17.50%
Volume de negócios consolidado	17.50%
Net Promoter Score (NPS)	17.50%

Furthermore, the achievement of individual performance qualitative performance indicators, which had a 30% weight in the calculation of the total variable remuneration, was taken into account.

Annual variable remuneration of the directors, the Company's performance, and the averager emuneration of employees

The variation of the annual remuneration of the directors, the Company's performance, and the average remuneration of full-time (or equivalent) employees, excluding the managing and supervisory boards for the 2017-2021 period, which financial years were marked by the implementation of a operational transformation plan and, more recently, by the COVID-19 pandemic crisis, is as follows:

i) Annual variation of the remuneration of the executive directors:

ANNUAL VARIATION					
NAME	**2017 VS 2016**	**2018 VS 2017**	**2019 VS 2018 (5)**	**2020 VS 2019**	**2021 VS 2020**
Miguel Nuno Santos Almeida (CEO)	1.7%	0.1%	5.7%	0.2%	2.9%
Jose Pedro Faria Pereira da Costa (CFO)	-0.1%	0.1%	0.7%	-2.8%	1.5%
Jorge Filipe Pinto Sequeira dos Santos Graça (1)	N/A	4.5%	10.1%	0.6%	1.9%
Manuel António Portugal Ramalho Eanes	1.2%	0.1%	8.2%	0.4%	1.9%
Luís Moutinho do Nascimento (2)	N/A	N/A	18.0%	1.3%	1.9%
Daniel Lopes Beato (3)	N/A	N/A	N/A	N/A	N/A
Filipa Sousa Taveira Gama Santos Carvalho (4)	N/A	N/A	N/A	N/A	N/A

Notas:
(1) Jorge Graça began its term of office on 26/04/2016.
(2) Luís Nascimento began its term of office on 29/06/2017.
(3) Daniel Beato began its term of office on 15/01/2021.
(4) Filipa Carvalho began its term of office on 15/01/2021.
(5) The variation between 2019 vs 2018 corresponds to a change in the remuneration due to the beginning of a new term of office (2019/2021, in this case).

ii) Annual variation of the remuneration of the non-executive Directors:

ANNUAL VARIATION OF THE TOTAL REMUNERATION					
NAME	**2017 vs 2016**	**2018 vs 2017**	**2019 vs 2018**	**2020 vs 2019**	**2021 vs 2020**
Ângelo Gabriel Ribeirinho Santos Paupério (1) (Chairman of the Board of Directors)	1.8%	0.0%	0.0%	67.1%	19.7%
Ana Rita Ferreira Rodrigues (2)	N/A	N/A	N/A	N/A	N/A
António Domingues (3)	N/A	N/A	0.0%	29.2%	12.6%
António Frederico Lobão Ferreira Correia Teles (4)(5)	N/A	N/A	N/A	N/A	N/A
António Bernardo Aranha Gama Lobo Xavier	7.3%	0.0%	0.0%	10.7%	5.4%
Catarina Eufémia Amorim da Luz Tavira Van-Dúnem	5.2%	0.0%	-7.7%	11.1%	6.3%
Cristina Maria de Jesus Marques (6)	N/A	N/A	N/A	N/A	N/A
Joaquim Francisco Alves Ferreira de Oliveira	5.2%	0.0%	-7.7%	11.1%	6.3%
João Pedro Magalhães da Silva Torres Dolores (7)	N/A	0.0%	0.0%	23.4%	16.7%
José Carvalho de Freitas (8)	N/A	N/A	N/A	N/A	N/A
Maria Cláudia Teixeira Azevedo	5.2%	0.0%	-7.7%	11.1%	6.3%

Notas:
(1)(Ângelo Paupério was appointed Chairman of the Board of Directors on 27/01/2020.
(2) Rita Rodrigues began its term of office on 23/03/2020.
(3) António Domingues began its term of office on 01/03/2017.
(4) António Teles began its term of office on 08/05/2019.
(5) António Teles resigned on 15/01/2021.
(6) Cristina Marques began its term of office on 23/03/2020.
(7) João Pedro Dolores began its term of office on 26/04/2016.
(8) José Freitas began its term of office on 23/03/2020.

The following table shows the annual percentage variation of an indicator of NOS performance goals (on a consolidated basis) between 2017 and 2021:

COMPANY PERFORMANCE (%)	2017 vs 2016	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020
EBITDA	4,4%	1,3%	2,8%	-5,7%	2,5%
Revenue	1,9%	0,5%	1,2%	-6,2%	4,6%

The table below shows information on the evolution of the NOS employees' average remuneration since 2017 until 2021:

AVERAGE REMUNERATION OF FULL-TIME EMPLOYEES	2017 vs 2016	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020
	0.20%	1.9%	2.00%	-0.20%	0.50%

Due to the condition mentioned in item 71 above being satisfied, the number of rights granted (referred to as "Shares Allocated" below) and shares delivered (referred to as "Shares Delivered" below) to the executive directors is as follows:

	SHARE PLAN CONDITIONS					NFORMATION ON REPORTED FINANCIAL YEAR	
NAME (Office)	Plan	Period of the Plan	Allocation Date	Maturity Date	End of Retention Period	Nº. of Allocated Shares [2]	Nº. of Shares Delivered [1][3]
Miguel Nuno Santos Almeida (CEO)	2018/2021	01/04/2018 - 31/03/2021	01/04/2018	31/03/2021	31/03/2021	72,183	86,947
	2019/2022	01/04/2019 - 31/03/2022	01/04/2019	31/03/2022	31/03/2022	63,287	0
	2020/2023	01/04/2020 - 31/03/2023	01/04/2020	31/03/2023	31/03/2023	121,256	0
	2021/2024	01/04/2021 - 31/03/2024	01/04/2021	31/03/2024	31/03/2024	116,503	0
José Pedro Faria Pereira da Costa (CFO)	2018/2021	01/04/2018 - 31/03/2021	01/04/2018	31/03/2021	31/03/2021	53,386	64,304
	2019/2022	01/04/2019 - 31/03/2022	01/04/2019	31/03/2022	31/03/2022	46,806	0
	2020/2023	01/04/2020 - 31/03/2023	01/04/2020	31/03/2023	31/03/2023	84,940	0
	2021/2024	01/04/2021 - 31/03/2024	01/04/2021	31/03/2024	31/03/2024	75,630	0
Jorge Filipe Pinto Sequeira dos Santos Graça	2018/2021	01/04/2018 - 31/03/2021	01/04/2018	31/03/2021	31/03/2021	34,588	41,662
	2019/2022	01/04/2019 - 31/03/2022	01/04/2019	31/03/2022	31/03/2022	30,324	0
	2020/2023	01/04/2020 - 31/03/2023	01/04/2020	31/03/2023	31/03/2023	60,730	0
	2021/2024	01/04/2021 - 31/03/2024	01/04/2021	31/03/2024	31/03/2024	58,352	0
Luís Moutinho do Nascimento	2018/2021	01/04/2018 - 31/03/2021	01/04/2018	31/03/2021	31/03/2021	17,357	20,906
	2019/2022	01/04/2019 - 31/03/2022	01/04/2019	31/03/2022	31/03/2022	30,324	0
	2020/2023	01/04/2020 - 31/03/2023	01/04/2020	31/03/2023	31/03/2023	65,572	0
	2021/2024	01/04/2021 - 31/03/2024	01/04/2021	31/03/2024	31/03/2024	63,004	0
Manuel António Portugal Ramalho Eanes	2018/2021	01/04/2018 - 31/03/2021	01/04/2018	31/03/2021	31/03/2021	40,853	49,209
	2019/2022	01/04/2019 - 31/03/2022	01/04/2019	31/03/2022	31/03/2022	35,819	0
	2020/2023	01/04/2020 - 31/03/2023	01/04/2020	31/03/2023	31/03/2023	70,414	0
	2021/2024	01/04/2021 - 31/03/2024	01/04/2021	31/03/2024	31/03/2024	67,657	0
Daniel Lopes Beato [4]	2018/2021	01/04/2018 - 31/03/2021	01/04/2018	31/03/2021	31/03/2021	5,330	6,421
	2019/2022	01/04/2019 - 31/03/2022	01/04/2019	31/03/2022	31/03/2022	5,407	0
	2020/2023	01/04/2020 - 31/03/2023	01/04/2020	31/03/2023	31/03/2023	13,002	0
	2021/2024	01/04/2021 - 31/03/2024	01/04/2021	31/03/2024	31/03/2024	12,507	0
Filipa Sousa Taveira Gama Carvalho [5]	2018/2021	01/04/2018 - 31/03/2021	01/04/2018	31/03/2021	31/03/2021	7,172	8,639
	2019/2022	01/04/2019 - 31/03/2022	01/04/2019	31/03/2022	31/03/2022	6,422	0
	2020/2023	01/04/2020 - 31/03/2023	01/04/2020	31/03/2023	31/03/2023	14,412	0
	2021/2024	01/04/2021 - 31/03/2024	01/04/2021	31/03/2024	31/03/2024	13,613	0

78. Amounts paid by other companies of NOS Group

Executive directors of NOS that also hold positions in other NOS Group companies do not receive any additional remuneration or other amounts in any ground whatsoever.

79. Profit sharing or bonus payments

See items 71 and 77 above.

80. Compensation to former executive directors

There were no compensations paid to former directors concerning contract termination in 2021.

Notes:

(1) The number of Shares Delivered is the result of the number of Allocated Shares, adjusted for dividends paid, in each year.
(2) The calculation of the Shares Delivered (i.e., the rights to acquire shares under the NOS Plan) is made based on the weighted average closing price of the shares in the 15 trading sessions prior to the business day preceding the commencement of the plan.
(3) Acquisition of shares with a 90% discount.
(4) Daniel Beato began its term of office on 15/01/2021.
(5) Filipa Carvalho began its term of office on 15/01/2021.

81. Remuneration paid to the members of the supervisory body

The remuneration of the members of the Statutory Audit Board, during 2021, was as follows:

NAME (Office)	FIXED REMUNERATION (€)	SHORT-TERM VARIABLE REMUNERATION (€)	TOTAL REMUNERATION (€)
José Pereira Alves (Chairman of the Statutory Audit Board)	45,000	-	45,000
Paulo Cardoso Correia da Mota Pinto	30,000	-	30,000
Patrícia Andrea Bastos Teixeira Lopes Couto Viana	30,000	-	30,000

The variation of the total remuneration of the members of the Statutory Audit Board, for the 2017-2021 period, is as follows:

NAME (Office)	2017 vs 2016	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020
José Pereira Alves [1] Chairman of the Statutory Audit Board	N/A	N/A	N/A	N/A	0.0%
Paulo Cardoso Correia da Mota Pinto [2]	0.0%	0.0%	-32.4%	-26.0%	0.0%
Patrícia Andrea Bastos Teixeira Lopes Couto Viana [3]	N/A	0.0%	0.0%	0.0%	0.0%

Notes:
(1) José Pereira Alves began its term of office on 08/05/2019.
(2) Paulo Mota Pinto ceased to be Chairman of the FB and became Member on 08/05/2019.
(3) Patrícia Teixeira Lopes began its term of office on 26/04/2016.

In 2021, no non-financial benefits were given to the members of the Statutory Audit Board.
The members of the Statutory Audit Board that also hold positions in other NOS Group companies do not receive any additional remuneration or other amounts in any ground whatsoever.

82. Remuneration of the Board of the General Meeting

The remuneration of the members of the Board of the General Meeting, during 2021, was as follows:

NAME (Office)	FIXED REMUNERATION (€)	RSHORT-TERM VARIABLE REMUNERATION (€)	TOTAL REMUNERATION (€)
Pedro Canastra de Azevedo Maia (Chairman of the Board of the General Meeting)	18,000	-	18,000
Tiago Antunes da Cunha Ferreira de Lemos	5,000	-	5,000

V. AGREEMENTS WITH REMUNERATION IMPLICATIONS

83. Restraints on compensations for unfair dismissal

The directors of NOS in the case of unfair dismissal are entitled to compensation for damages suffered in accordance with the applicable law.

The remuneration policy does not provide any indemnity or compensation to members of the Board of Directors regarding their resignation or any other form of termination of the term of office of director (other than the unfair dismissal) before its time, with the exception of the sums established by law.

84 Compensation in the event of resignation, unfair dismissal or termination following a change of control (directors and managers)

There are no foreseen specific compensations in the event of resignation, unfair dismissal or termination following a change of control, besides the ones applicable pursuant to the law.

VI. SHARE ALLOCATION PLANS

85. Plans and targets

The objectives of the NOS Share Allocation Plan are:

- To ensure the loyalty of employees in the different companies of the NOS Group;
- To stimulate their creative and productive capacity and foster business profits;
- To create favourable recruitment conditions for senior officers and high strategic value workers;
- To align the interests of the employees with the business objectives and the interests of NOS shareholders, rewarding their performance in relation to value creation for NOS shareholders, reflected in the value of its shares on the stock exchange.

This Plan applies to employees that belong to some organisational groups, including executive directors, is one of the pillars that makes NOS a benchmark company in personal and professional development matters and stimulates the development and mobilisation of employees around a common project.

NOS Plan Regulations, which include all necessary elements for the correct evaluation of the Plan, can be found at the Company's website at https://www.nos.pt/institucional/EN/general-meeting/Documents/Proposta_Ponto_4_ENG_2021.pdf.

86. Characterisation of the NOS Plan

Under the NOS Plan, the Executive Committee shall select the beneficiaries employees and decide on a case-by-case basis the allocation of shares to the eligible employees. The Remuneration Committee has this responsibility for Executive Committee members.

The allocation of shares to the respective beneficiaries depends entirely on collective and individual performance criteria.

The number of shares to be allocated is established using the amounts that are set with reference to the percentages of the remuneration earned by the beneficiaries, considering the assessment of NOS annual objectives as well as the assessment of individual performance. The specific number of shares to be allocated will be, therefore, the result of the division of the value provided by the average closing price, weighted by the respective volume, of shares in the 15 trading sessions prior to the reference date, except if the Executive Committee or Remuneration Committee, in the case of Executive Committee's members, considers at its sole discretion other criteria that are deemed to be more appropriate. Shares were allocated with a right to buy with a discount up to 90%.

These shares, or the equivalent value in cash, are delivered after a deferral period of 3 years following the date of allocation. However, should dividends be distributed or if the nominal value of the shares or share capital is changed during the deferral period, the initial number of shares under the NOS Plan will be altered to reflect the effects of these changes, so that the Plan is aligned with the total return achieved.

For the executive members of the Board, the conditions of positive performance, as described in item 71 above, must additionally be met for their appointment.

As at 31 December 2021, the plans that allow for the delivery of shares were as follows:

NOS PLAN	NUMBER OF SHARES
Plan 2019	761,557
Plan 2020	1,411,601
Plan 2021	1,276,908

87. Stock option plans for employees

No remunerations based in options are implemented for employees through share allocation. The NOS Plan, which applies to employees that belong to some organisational groups (including executive directors) only allows share allocation.

88. Control of employees' participation in the capital

The voting rights inherent to shares delivered to employees benefiting from the NOS Plan can only be exercised by them after the respective vesting of the shares.

During the year ended 31 December 2021, the movements under the NOS plan are detailed as follows:

	PLAN NOS 2018	PLAN NOS 2019	PLAN NOS 2020	PLAN NOS 2021	TOTAL
BALANCE AS AT 31 DECEMBER 2020	**912,727**	**784,163**	**1,454,680**	**-**	**3,151,570**
MOVEMENTS IN THE PERIOD:					
Awarded	-	-	-	1,184,127	1,184,127
Vested	(863,266)	(36,954)	(61,998)	(808)	(963,026)
Cancelled / elapsed / corrected [1]	(49,461)	14,348	18,919	93,589	77,395
BALANCE AS AT 31 DECEMBER 2021	**-**	**761,557**	**1,411,601**	**1,276,908**	**3,450,066**

(1) Includes, mainly, amendments introduced by virtue of the dividend paid, shares related to plans exceptionally settled in cash and shares related with termination of relationships with employees, not benefiting from the vesting of the shares.

E.
TRANSACTIONS WITH RELATED PARTIES

I. CONTROL MECHANISMS AND PROCEDURES

89. Mechanisms implemented by the company for the purpose of controlling transactions with related parties

NOS has established control mechanisms and procedures for the Company's transactions with shareholders of qualified holdings, or with entities with whom they are in any relationship, according to article 20 of the Portuguese Securities Code.

Pursuant to article 3.(3.1)(o) of the Delegation of Powers by the Board of Directors to the Executive Committee, the delegation did not cover the entering into of any transactions, between the Company and shareholders of qualified holdings representing 2% or more of the voting rights and/or entities related to them in any way pursuant to article 20 of the Portuguese Securities Code, in excess of the individual amount of € 75,000 or the aggregate annual amount per supplier of € 150,000 (without prejudice to the transactions having been approved in general terms or in terms of framework by the Board of Directors).

In turn, article 2(2.9)(g) of the Delegation of Powers determines that the Chairman of the Executive Committee is responsible in particular for ensuring that the Board of Directors is informed, quarterly, of the transactions that, in connection with the delegation of powers, have been entered into by the Company and Related Parties when in excess of the individual amount of € 10,000.

The Audit and Finance Committee also scrutinises these matters, article 3(j) of its Regulations determines that its powers include, in particular, the power to analyse and issue its prior opinion on the transactions between the Company and Related Parties.

In addition, the Statutory Audit Board, under its Regulations, is responsible for issuing a prior opinion on relevant business activities with Related Parties.

On 4 November 2020, the Board of Directors approved, with a favourable opinion by the Statutory Audit Board, a new Regulation for Transactions with Related Parties, which laid down, in particular, procedures and criteria that are required to define the relevant level of significance of business with shareholders of qualified holdings – or with related parties – and thus business of significant importance is dependent upon the prior opinion of that supervisory body, in strict compliance with the legal requirements in force.

90. Details of transactions that were subject to control in the referred year

During 2021, NOS did not do any significant business or operation in economic terms for any of the parties involved with members of the managing and supervisory boards or companies in a control or group relationship, that have not been conducted in normal market conditions for similar operations and that are not a part of the current activity of the Company and, as such, there were no transactions with related parties subject to the Statutory Audit Board control.

91. A description of the procedures and criteria applicable to the supervisory body when same provides preliminary assessment of the business deals to be carried out between the company and the holders of qualified shareholdings or entity-relationships with the former, as envisaged in article 20 of the Securities Code

The Regulations on Transactions with Related Parties lays down internal procedures for control of transactions with holders of qualified shareholdings, considered suited to the transparency of the decision-making process, defining the terms of intervention of the Statutory Audit Board in this process.

Thus, without prejudice to additional obligations, pursuant to these Regulations, by the end of the month following the end of each quarter, the Executive Committee shall inform the Statutory Audit Board of all the transactions made in the previous quarter with each holder of qualified shareholdings and/or related party.

The balance and types of transactions carried out during 2021 are detailed in Note 45 of the Consolidated Annual Report.

Transactions with holders of qualified shareholdings and/or related parties require a prior opinion from the Statutory Audit Board in the following cases: (i) transactions whose value per transaction exceeds a particular level set forth in the Regulations and is described in the table below; (ii) transactions with a significant impact on the activities of NOS and/or its subsidiaries due to their nature or strategic importance, regardless of their value; (iii) transactions made, exceptionally, outside normal market conditions, regardless of their value, and (iv) transactions made, exceptionally, outside current activity, regardless of their value.

Types and values of the transactions to be considered for the purposes of item (i) above:

TYPE	AMOUNT
Transactions Sales, services, purchases and services obtained, except in case of renovation of pending contracts	More than EUR 1.000.000
Loans and other funding received and granted, except day-to-day management/ operations up to 180 days	More than EUR 10.000.000
Financial investments	More than EUR 10.000.000

The prior opinion of the Statutory Audit Board required for the transactions referred to in items (i) and (ii) above will not be necessary in the case of: (i) interest and/or exchange rate hedging transactions through trading rooms or auctions and (ii) applications or financial investments through trading rooms or auctions.

For the Statutory Audit Board to appraise the transaction in question and issue an opinion, the Executive Committee must provide that body with all necessary information and a reasoned justification.

The assessment to authorise and issue a prior opinion applicable to transactions with holders of qualified shareholdings and/or related parties should take into account, among other relevant aspects, the principle of equal treatment of shareholders and other stakeholders, the interest of the Company and the impact, materiality, nature and justification for each transaction.

II. DATA ON BUSINESS DEALS

92. Details of the place where the financial statements including information on business dealings with related parties are available, in accordance with IAS 24

Relevant businesses with related parties made until 31 December 2021 can be found in note 31 of the financial statements (pages 49 and 50), which are included in the accounting documents, available at the Company's headquarters and on its website https://www.nos.pt/institucional/EN/investors/nos-in-numbers/Pages/results.aspx.

PART 2

1. DETAILS OF THE CORPORATE GOVERNANCE CODE IMPLEMENTED

Pursuant to article 2 of CMVM Regulation No. 4/2013, NOS adopts the Recommendations set out in the Corporate Governance Code of the IPCG - Instituto Português de Corporate Governance, published in 2018 and revised in 2020 ("Corporate Governance Code of the IPCG"), available on the website of this entity www.cgov.pt.

2.ANALYSIS OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE IMPLEMENTED

The following table presents: i) the IPCG Recommendations on Corporate Governance, in the version published in 2018 and revised in 2020; ii) the corresponding level of observance by NOS and justification of recommendations not applicable or not adopted; and, also iii) reference to the Chapters of this Corporate Governance Report that describe the measures taken by the Company to comply with the aforementioned Recommendations in the IPCG's Corporate Governance Code.

CORPORATE GOVERNANCE REPORT 2021 COMPLIANCE ANALYSIS

CORPORATE GOVERNANCE CODE		ASSESSMENT	CGR REFERENCE / COMMENTS
I.	**GENERAL PROVISIONS**		
	General principle: Corporate Governance should promote and enhance the performance of companies, as well as of the capital market, and strengthen the trust of investors, employees and the general public in the quality and transparency of management and supervision, as well as in the sustained development of companies		
I.1.	**Company's relationship with investors and disclosure** **Principle**: Companies, in particular their directors, should treat shareholders and other investors equitably, by ensuring mechanisms and procedures are in place for the suitable management and disclosure of information.		
I.1.1.	The Company should establish mechanisms to ensure, in a suitable and rigorous form, the production, management and timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, financial analysts, and to the markets in general.	**Adopted**	**Items 15, 22, 28, 29, 34, 56 to 65**
I.2.	**Diversity in the composition and functioning of the company's governing bodies** **Principle I.2.A:** Companies ensure diversity in the composition of their governing bodies, and the adoption of requirements based on individual merit in the appointment procedures that are exclusively within the powers of the shareholders. **Principle I.2.B:** Companies should be provided with clear and transparent decision-making structures and ensure a maximum effectiveness of the functioning of their governing bodies and committees. **Principle I.2.C:** Companies ensure the functioning of their governing bodies and committees is properly registered, in minutes, that enables knowing not only the meaning of the adopted decisions, but also the grounds and opinions provided by its members.		
I.2.1.	Companies should establish standards and requirements regarding the profile of new members of their governing bodies, which are suitable according to the roles to be carried out. Besides individual attributes (such as competence, independence, integrity, availability, and experience), these profiles should take into consideration general diversity requirements, with particular attention to gender diversity, which may contribute to a better performance of the governing body and to the balance of its composition.	**Adopted**	**Items 19, 29, 33**
I.2.2.	The company's managing and supervisory boards, as well as their committees, should have internal regulations — specifically regulating the performance of their duties, their Chairmanship, frequency of meetings, their functioning and the duties of their members — and detailed minutes of the meetings of each of these bodies should be carried out.	**Adopted**	**Items 22, 27, 29, 34 and 67**
I.2.3.	The composition and the number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website.	**Adopted**	**Items 60 to 65**

CONTINUATION

CORPORATE GOVERNANCE CODE		ASSESSMENT	CGR REFERENCE / COMMENTS
I.2.4.	DA whistleblowing policy must be implemented that ensures the suitable means for the communication and processing of irregularities, safeguarding the confidentiality of the reported information and the identity of the reporter, whenever it is requested.	**Adopted**	**Item 49**
I.3.	**Relationship between the company bodies** **Principle:** Members of the company's boards, especially directors should, considering the duties of each of the boards, create the appropriate conditions to ensure balanced and efficient measures to allow for the different governing bodies of the company to act in a harmonious and coordinated way, in possession of the suitable amount of information in order to carry out their respective duties.		
I.3.1.	The articles of association, or other equivalent means adopted by the company, should establish mechanisms that, within the limits of applicable laws, permanently ensure that the members of the managing and supervisory boards are provided with access to all the information and company's employees, in order to appraise the performance, current situation and perspectives for further developments of the company, including minutes, documents supporting decisions that have been taken, calls for meetings, and the archive of the meetings of the managing board, without impairing access to any other documents or people that may be requested for information.	**Adopted**	**Items 21, 22, 28, 29 e 34**
I.3.2.	Each of the company's boards and committees should ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, necessary for the exercise of the competences, determined by law and the articles of association, of each of the remaining boards and committees.	**Adopted**	**Items 22, 28, 29 e 34**
I.4.	**Conflicts of interest** **Principle:** The existence of current or potential conflicts of interest, between members of the company's boards or committees and the company, should be prevented. The non-interference of the conflicted member in the decision process should be guaranteed.		
I.4.1.	Under internal regulations or equivalent, members of the managing and supervisory boards and internal committees are bound to inform the respective board or committee whenever there are facts that could constitute or give rise to a conflict between their interests and the company's interest.	**Adopted**	**Item 26**
I.4.2.	Procedures should be adopted to guarantee that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and other clarifications that the board, the committee or their respective members may request.	**Adopted**	**Item 26**
I.5.	**Related party transactions** **Principle:** Due to the potential risks that they may hold, transactions with related parties should be justified by the interest of the company and carried out under market conditions, subject to principles of transparency and adequate supervision**.**		
1.5.1.	The managing body should disclose in the governance report or through another publicly available means the internal procedure for verifying related party transactions.	**Adopted**	**Items 34 and 89 to 91**
I.5.2.	The managing body should report the results of the internal procedure for verifying related parties' transactions, including the transactions under analysis, to the supervisory body, at least every six months.	**Adopted**	**Items 90 e 91**
II	**SHAREHOLDERS AND GENERAL MEETINGS**		
II.A	**Principle:** As an instrument for the efficient functioning of the company and the fulfilment of the corporate purpose of the company, the suitable involvement of the shareholders in matters of corporate governance is a positive factor for the company's governance.		
II.B	**Principle:** The company should stimulate the personal participation of shareholders in general meetings, as a space for communication by the shareholders with the company's boards and committees and also for reflection about the company itself.		
II.C	**Principle:** The company should implement adequate means for participation and remote voting for the shareholders in the meeting.		
II.1.	The company should not set an excessively high number of shares to confer voting rights, and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote.	**Adopted**	**Item 12**
II.2.	The company should not adopt mechanisms that make decision making by its shareholders (resolutions) more difficult, specifically, by setting a quorum higher than that established by law.	**Adopted**	**Item 14**
II.3.	The company should implement adequate means for shareholders remote participation in the General Meeting, proportionate to its size.	**Adopted**	**Item 12**

CONTINUATION

CORPORATE GOVERNANCE CODE		ASSESSMENT	CGR REFERENCE / COMMENTS
II.4.	The company should implement adequate means for exercising the remote voting right, including by postal voting and by electronic means.	**Adopted**	**Item 12** The Company further notes that the raison d'être of this Recommendation (i.e., to fully enable shareholders to exercise their voting rights) is ensured by other mechanisms, such as postal voting (commonly used), and by electronic means, with information on such possibilities promptly and made available to the general public through the publication of a notice of meeting and other documents (including the ballot paper and forms) on the Company's website.
II.5.	The company's Articles of Association, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every five years, the amendment or maintenance of this rule will be subject to a shareholder resolution – without increased quorum in comparison to the legally established – and in that resolution, all votes cast will be counted without observation of the imposed limits.	**N/A**	**Item 13** The Company's Articles of Association do not set any limit on the number of votes that can be held or exercised by each shareholder.
II.6.	The company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control or the change in the composition of the managing body, and which are likely to harm the economic interest in the free transferability of shares and a shareholder assessment of the performance of the directors.	**Adopted**	**Items 2, 4 and 5**
III.	**NON-EXECUTIVE MANAGEMENT, MONITORING AND SUPERVISION**		
III.A	**Principle:** The members of governing bodies who possess non-executive management duties or monitoring and supervisory duties should, in an effective and judicious manner, carry out monitoring duties and encourage executive management to fully accomplish the corporate purpose, and this should be complemented by committees for areas that are central to corporate governance.		
III.B	**Principle:** The composition of the supervisory body and the non-executive directors should provide the company with a balanced and suitable diversity of skills, knowledge, and professional experience.		
III.C	**Principle:** The supervisory body should carry out permanent oversight of the company's managing body, including from a preventive perspective, and monitor the company's activity, in particular, decisions of fundamental importance.		
III.1.	Without prejudice to the legal powers of the chair of the board of directors, if he or she is not independent, the independent directors should appoint a coordinator (lead independent director), from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1.	**N/A**	**Item 18**
III.2.	The number of non-executive members in the managing body, as well as the number of members of the supervisory body and the number of the members of the committee for financial matters should be suitable for the size of the company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed, and this adequacy finding formulation should be in the governance report.	**Adopted**	**Items 17, 18, 29 and 31**
III.3.	In any case, the number of non-executive directors should be higher than the number of executive directors.	**Adopted**	**Items 17 and 18**
III.4.	Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to: **i.** Having carried out functions in any of the company's bodies for more than twelve years, either on a consecutive or non-consecutive basis; **ii.** Having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years; **iii.** Having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person; **iv.** Having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties; **v.** Having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualified shareholdings; **vi**. Having been a holder of qualified shareholdings or representative of a holder of qualified shareholdings.	**Not Adopted**	**Item 18**

CONTINUATION

CORPORATE GOVERNANCE CODE		ASSESSMENT	CGR REFERENCE / COMMENTS
III.5.	The provisions of (i) of recommendation III.4 does not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the appointment, a period of three years has elapsed (cooling-off period).	**N/A**	**There are no directors under these conditions**
III.6.	The supervisory body, in observance of the powers conferred to it by law, should, prior to its final approval by the managing body, evaluate and pronounce itself on the strategic lines and the risk policy.	**Adopted**	**Items 34 and 38**
III.7.	Companies should have specialised committees covering matters of corporate governance, appointments and performance assessments, separately or cumulatively. If the remuneration committee provided by article 399 of the Portuguese Companies Code has been created, and due to not being prohibited by law, this recommendation may be complied with the attribution of powers to this committee on the aforementioned matters.	**Adopted**	**Items 27, 29 and 67**
IV.	**EXECUTIVE MANAGEMENT**		
IV.A	**Principle:** As a way of increasing the efficiency and the quality of the managing body's performance and the suitable flow of information to the board, the daily management of the company should be carried out by executive directors with qualifications, powers and experience suitable for the rule. The executive board is responsible for the management of the company, pursuing the company's objective and aiming to contribute towards the company's sustainable development.		
IV.B	**Principle:** Besides the costs and the desirable agility in the functioning of the executive board, the size of the company, the complexity of its activity, and its geographical spread should be taken into account in determining the number of executive directors.		
IV.1.	The managing body should approve, by internal regulations or equivalent, the rules regarding the action of the executive directors and how these are to carry out their executive functions in entities outside of the group.	**Adopted**	**Item 29**
IV.2.	The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards: (i) the definition of the strategy and main policies of the company; (ii) the organisation and coordination of the business structure; (iii) matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics.	**Adopted**	**Item 21**
IV.3.	In the annual report, the managing body specify in which terms the established strategies and main policies strive to ensure the long-term success of the company and which are the main contributions arising for the community in general.	**Adopted**	**Item 21**
V.	**ASSESSMENT OF PERFORMANCE, REMUNERATION AND APPOINTMENTS**		
V.1.	**ANNUAL ASSESSMENT OF PERFORMANCE** **Principle:** The company should assess the performance of the executive board and its members individually, and also the assessment of the overall performance of the managing body and its specialised committees.		
V.1.1.	The managing body should annually evaluate its performance as well as the performance of its committees and delegated directors, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.	**Adopted**	**Items 24, 25, 29, 70, 71, and following**
V.2. A.	**Remuneration** **Principle:** The remuneration policy of the members of the managing and supervisory boards should allow the company to attract qualified professionals at an economically justifiable cost in relation to its financial situation, induce the alignment of the member's interests with those of the company's shareholders — taking into account the wealth effectively created by the company, its financial situation and the market's — and constitute a factor of development of a culture of professionalisation, sustainability, promotion of merit and transparency within the company.		
V.2. B.	Directors should receive a remuneration that: **i)** adequately reciprocates the taken responsibilities, availability, and expertise placed at the company's service; **ii)** guarantees an action aligned with the long-term interests of the shareholders and promotes the sustainable action of the company; and **iii)** rewards performance.		
V.2.1.	The company should create a remuneration committee, the composition of which should ensures its independence from the managing board, and this remuneration committee can be the one mentioned in article 399 of the Portuguese Companies Code.	**Adopted**	**Items 66 to 70**

CONTINUATION

CORPORATE GOVERNANCE CODE		ASSESSMENT	CGR REFERENCE / COMMENTS
V.2.2.	The remuneration should be set by a remuneration committee or by the general meeting, under proposal of the former.	**Adopted**	**Item 66**
V.2.3.	For each term of office, the remuneration committee or general meeting, under proposal of the former, should also approve the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office, with this situation and amounts being disclosed in the governance report or in the remuneration report.	**Adopted**	**Item 83**
V.2.4.	In order to provide information or clarifications to shareholders, the chair or, in the event of his/her impediment, another member of the remuneration committee should be present at the annual general meeting, as well as at any other, whenever the respective agenda includes a matter linked with the remuneration of the members of the company's boards and committees or, if such presence has been requested by the shareholders.	**Adopted**	**Item 69**
V.2.5.	Within the company's budgetary limitations, the remuneration committee should be able to decide, freely, on the hiring, by the company, of necessary or convenient consulting services to carry out the committee's duties.	**Adopted**	**Item 67**
V.2.6.	The remuneration committee should ensure that those services are provided independently and that the respective providers do not provide other services to the company, or to others in a controlling or group relationship, without the express authorisation of the committee.	**Adopted**	**Item 67**
V.2.7.	Considering the alignment of interests between the company and the executive directors, a part of their remuneration should be of a variable nature, reflecting the sustained performance of the company, and not stimulating the assumption of excessive risks.	**Adopted**	**Item 70**
V.2.8.	A significant part of the variable component should be partially deferred in time, for a period of no less than three years, thereby necessarily connecting it to the confirmation of the sustainability of the performance, in the terms defined by the company's internal regulations.	**Adopted**	**Item 71**
V.2.9.	When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred in time for a period of no less than three years.	**N/A**	**N/A**
V.2.10.	The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value.	**Adopted**	**Items 69 and 78**
V.3.	**Appointments** **Principle:** Regardless of the manner of appointment, the profile, the knowledge and the curriculum of the members of the company's governing bodies and the executive staff should be suited to the functions carried out.		
V.3.1.	The company should, in terms that it considers suitable, but in a demonstrable form, promote that proposals for the appointment of the members of the company's governing bodies are accompanied by a justification in regard to the suitability of the profile, the skills and the curriculum vitae to the duties to be carried out.	**Adopted**	**Item 29**
V.3.2.	The overview and support to the appointment of members of senior management should be attributed to an appointment committee, unless this is not justified by the company's size.	**Adopted**	**Item 29** The management and supervisory bodies are directors of NOS
V.3.3.	This appointment committee includes a majority of non-executive, independent members.	**Not Adopted**	**Item 29**
V.3.4.	The appointment committee should make its terms of reference available, and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms for identifying potential candidates, and ensure that those chosen for proposal are those who present the highest degree of merit, are best suited to the demands of the duties to be carried out, and will best promote, within the organisation, suitable diversity, including gender diversity.	**Adopted**	**Item 19**
VI.	**INTERNAL CONTROL**		
	Principle: Based on its mid and long-term strategies, the company should establish a system of risk management and control, and of internal audit, which allow for the anticipation and minimisation of risks inherent to the company's activity.		
VI.1.	The managing body should debate and approve the company's strategic plan and risk policy, which should include the definition of limits in risk assumption matters.	**Adopted**	**Items 50 and following**
VI.2.	The supervisory body should organise itself internally, implementing periodic controls procedures and mechanisms aiming to ensure the risks effectively incurred by the company are consistent with the objectives established by the managing body.	**Adopted**	**Item 50**

CONTINUATION

CORPORATE GOVERNANCE CODE		ASSESSMENT	CGR REFERENCE / COMMENTS
VI.3.	The internal control system, having the risk management, compliance, and internal audit duties, should be structured in terms suitable for the size of the company and the complexity of the risks intrinsic to its activity, with the supervisory body assessing it and, within the scope of supervising the efficiency of this system, proposing the adjustments that may be deemed necessary.	**Adopted**	**Item 51**
VI.4.	The supervisory body should give an opinion on the work plans and resources allocated to the internal control system services, including the risk management, compliance, and internal audit duties, and can propose the adjustments that may be deemed necessary.	**Adopted**	**Item 51**
VI.5.	The supervisory body should receive the reports made by the internal control services, including the risk management, compliance, and internal audit duties, at least when matters related to accounting, identification or conflicts of interest resolution, and detection of potential irregularities are at issue.	**Adopted**	**Item 51**
VI.6.	Based on its risk policy, the Company shall establish a risk management duty, identifying (i) the main risks to which it is subject in the conduct of its business, (ii) the probability of their occurrence and their impact, (iii) the instruments and measures to be adopted to mitigate them, and (iv) the monitoring procedures for follow-up.	**Adopted**	**Item 53 and 54**
VI.7.	The company should establish monitoring procedures, periodical assessment and adjustment of the internal control system, including an annual evaluation of the level of internal compliance and the performance of the risk management system, as well as future perspectives for amendments of the structures of risk previously defined.	**Adopted**	**Item 54**
VII.	**FINANCIAL STATEMENTS AND ACCOUNTING**		
VII.1	**Financial statements** **Principle VII.A:** The supervisory body shall, independently and diligently, ensure that the managing body meets its responsibilities in choosing appropriate accounting policies and criteria and in establishing appropriate systems for financial reporting, risk management, internal control and internal audit. **Principle VII.B:** The supervisory body shall promote adequate coordination between the work of internal audit and statutory audit.		
VII.1.1.	The internal regulations of the supervisory body shall require that it oversees the adequacy of the process of preparing and disclosing financial information by the managing body, including the adequacy of accounting policies, estimates, judgements, relevant disclosures and their consistent application between financial years, in a duly documented and reported manner.	**Adopted**	**Item 34**
VII.2	**Statutory audit and supervision** **Principle:** The supervisory body should establish and monitor clear and transparent formal procedures on the relationship of the company with the statutory auditor, as well as on the supervision of compliance by the auditor, with rules regarding independence imposed by law and professional regulations.		
VII.2.1.	Through the use of internal regulations, the supervisory body should define, under the applicable legal regime, the supervision procedures aimed at ensuring the independence of the statutory auditor.	**Adopted**	**Item 34**
VII.2.2.	The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports, having the powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company.	**Adopted**	**Items 34 and 37**
VII.2.3.	The supervisory body should annually assess the services provided by the statutory auditor, their independence and their suitability in carrying out their functions and propose their dismissal or the termination of their service contract by the competent body when this is justified for due cause.	**Adopted**	**Items 34 and 37**

PARTE 3

BOARD OF DIRECTORS

ÂNGELO GABRIEL RIBEIRINHO DOS SANTOS PAUPÉRIO

Chairman of the Board of Directors

QUALIFICATIONS

- Degree in Civil Engineering from Faculty of Engineering of the University of Porto
- Master in Companies Management MBA (Porto Business School)

OFFICES HELD IN OTHER COMPANIES AS OF 31.12.2021

- Chairman of the Board of Directors of Sonaecom, SGPS, S.A.
- Chairman of the Board of Directors of Sonae Investment Management – Software and Technology, SGPS, S.A.
- Chairman of the Board of Directors of Público – Comunicação Social, S.A.
- Chairman of the Board of Directors of Sonae Holdings, S.A.
- Chairman of the Board of Directors of Enxomil – Consultoria e Gestão S.A.
- Chairman of the Board of Directors of Público – Sociedade Imobiliária S.A.
- Member of the Board of Directors o f Sonae MC – SGPS, S.A.
- Member of the Board of Directors of Efanor Investimentos, SGPS, S.A.
- Member of the Board of Directors of Sonae, SGPS, S.A.
- Member of the Board of Directors of Sonae Capital, SGPS, S.A.
- Member of the Board of Directors of Sonae Sierra, SGPS, S.A.
- Member of the Board of Directors of ZOPT, SGPS, S.A.
- Member of the Board of Directors of Fundação Manuel Cargaleiro
- Member of the Board of Directors of Love Letters – Galeria de Arte, S.A.
- Member of the Board of Directors of Associação Portuguesa de Gestão e Engenharia Industrial

PROFESSIONAL EXPERIENCE

- Tecnopor - Structural Design Project Engineer (1982-1984)
- EDP - Eletricidade de Portugal - Manager (1984-1989)
- Sonae Tecnologias de Informação, S.A. - Leader of the Television Project Team (1989-1991)
- Modelo Continente Hipermercados, S.A. - Director (1989-2007)
- Sonae Investimentos, S.A. (currently Sonae – SGPS, S.A.) Head of Planning and Management Control (1991-1994)
- Sonae Distribuição, SGPS, S.A. (currently Sonae MC, SGPS, S.A.) Director of several subsidiaries - Retail (1994-1996)
- Sonae Distribuição, SGPS, S.A. (currently Sonae MC, SGPS, S.A.) (1996-2007)
- CFO Sonae Capital, SGPS, S.A. - Executive Member of the Board of Directors (1996-2007)
- Sonae - SGPS, S.A. - Member of the Board of Directors, CFO, and Chairman of the Finance Committee (2000-2007)
- MDS – Corretor de Seguros, S.A. - Member of the Board of Directors (2004-2009)
- Sonae Investments BV - Executive Member of the Board of Directors (2005-2016)
- Sontel BV - Executive Member of the Board of Directors (2006-2016)
- Sonae – SGPS, S.A. - Executive Vice-Chairman of the Board of Directors (2007 - April 2015)
- MDS, SGPS, S.A. - Member of the Board of Directors (Chairman of the Board of Directors since October 2014) (2007 - March 2018)
- Sonaerp – Retail Properties, S.A. - Chairman of the Board of Directors (2010-2016)
- Sonae – Specialized Retail, SGPS, S.A. (Merger Sonae MC – Modelo Continente, SGPS, S.A.) Vice-Chairman of the Board of Directors (2010-2016)
- MDS Auto – Mediação de Seguros, S.A. - Chairman of the Board of Directors (2010-2016)
- Universidade Católica Portuguesa - Member of the Supreme Counsel (2010-2016)
- Sonae Center Serviços II, S.A. (currently Sonae MC – Serviços Partilhados, S.A.) - Member of the Board of Directors (2010-2018)
- Porto Business School Member of the Superior Council (2011-2015)
- Sonaecom - Serviços Partilhados, S.A. - Chairman of the Board of Directors (2012-2016)
- Sonae RE, S.A. - Chairman of the Board of Directors (2013-2016)
- Sonaegest – Sociedade Gestora de Fundos de Investimento, S.A. - Chairman of the Board of Directors (2013-2016)
- Sonae SGPS, S.A. - Co-CEO (2015 – 2019)

MIGUEL NUNO SANTOS ALMEIDA

Chairman of the Executive Committee

QUALIFICATIONS

- Degree in Mechanical Engineering from Faculty of Engineering of the University of Porto
- MBA from INSEAD

OFFICES HELD IN OTHER COMPANIES AS OF 31.12.2021

- Chairman of the Board of Directors of NOS Comunicações, S.A.
- Chairman of the Board of Directors of NOS Inovação, S.A.
- Chairman of the Board of Directors of NOS Açores Comunicações S.A.
- Chairman of the Board of Directors of NOS Lusomundo Audiovisuais, S.A.
- Chairman of the Board of Directors of NOS Lusomundo Cinemas, S.A.
- Chairman of the Board of Directors of NOS Madeira Comunicações, S.A.
- Chairman of the Board of Directors of NOS Audiovisuais SGPS, S.A.
- Chairman of the Board of Directors of NOS Corporate Center, S.A.
- Chairman of the Board of Directors of NOS Audio - Sales and Distribution, S.A.

PROFESSIONAL EXPERIENCE

- Member of the Executive Committee of Optimus Comunicações, S.A.(2010-2013)
- Member of the Board of Directors and Executive Director of Sonaecom, SGPS, S.A. (2005-2013)

JOSÉ PEDRO FARIA PEREIRA DA COSTA
Vice-Chairman of the Executive Committee

QUALIFICATIONS
- Degree in Business Management and Administration from Universidade Católica Portuguesa
- MBA from INSEAD

OFFICES HELD IN OTHER COMPANIES AS OF 31.12.2021
- Chairman of the Board of Directors of Per-Mar, Sociedade de Construções, S.A.
- Chairman of the Board of Directors of Sontária – Empreendimentos Imobiliários, S.A.
- Chairman of the Board of Directors of Lusomundo Imobiliária 2, S.A.
- Chairman of the Board of Directors of Lusomundo Sociedade de Investimentos Imobiliários SGPS, S.A.
- Chairman of the Board of Directors of NOS Mediação de Seguros, S.A.
- Chairman of the Board of Directors of NOS Sistemas - Serviços em Tecnologia de Informação, S.A.
- Chairman of the Board of Directors of NOS Wholesale, S.A.
- Chairman of the Board of Directors of NOS Property, S.A.
- Chairman of the Board of Directors of NOS Internacional SGPS, S.A.
- Chairman of the Board of NOS Technology - Concepção, Construção e Gestão de Redes de Comunicações, S.A.
- Chairman of the Board of NOS Sistemas España, S.L.
- Vice-Chairman of the Board of Directors of Mstar, S.A.
- Member of the Board of Directors of Finstar – Sociedade de Investimentos e Participações, S.A.
- Member of the Board of Directors of NOS Lusomundo Cinemas, S.A.
- Member of the Board of Directors of NOS Comunicações, S.A.
- Member of the Board of Directors of Dreamia, BV
- Member of the Board of Directors of Dreamia - Serviços de Televisão, S.A.
- Member of the Board of Directors of Dreamia, S.L.
- Member of the Board of Directors of NOS Açores Comunicações S.A.
- Member of the Board of Directors of NOS Madeira Comunicações, S.A.
- Member of the Board of Directors of Teliz Holding, S.A.
- Member of the Board of Directors of Upstar Comunicações, S.A.
- Member of the Board of Directors of Big Picture 2 Films, S.A.
- Member of the Board of Directors of Sport TV Portugal, S.A.
- Member of the Board of Directors of NOS Corporate Center, S.A.
- Manager of Empracine - Empresa Promotora de Atividades Cinematográficas, Lda.

PROFESSIONAL EXPERIENCE
- Member of the Board of Directors of Group Portugal Telecom acting as CFO and responsible for PT Comunicações, PT.COM and PT Prime companies (2002-2007)
- Executive Vice-Chairman of Telesp Celular Participações (2001-2002)
- Member of the Executive Committee of Banco Santander de Negócios Portugal, responsible for Corporate Finance (1997-2000)
- Started his career in 1990 in McKinsey & Company in Portugal and Spain

DANIEL LOPES BEATO
Executive Director

QUALIFICATIONS
- Degree in Electronic and Telecommunications Engineering from the University of Aveiro
- MBA Exchange Program, IAE Business School – Austral University Buenos Aires
- MBA Full Time, IESE Business School – Navarra University - Barcelona

OFFICES HELD IN OTHER COMPANIES AS OF 31.12.2021
- Member of the Board of Directors of NOS Comunicações, S.A.
- Member of the Board of Directors of NOS Açores Comunicações S.A.
- Member of the Board of Directors of NOS Madeira Comunicações, S.A.
- Member of the Board of Directors of NOS Technology - Concepção, Construção e Gestão de Redes de Comunicações S.A.
- Member of the Board of Directors of NOS Property, S.A.
- Member of the Board of Directors of NOS Mediação de Seguros, S.A.

PROFESSIONAL EXPERIENCE
- Marketing Director of B2C at NOS Comunicações S.A.
- Project Leader at the Boston Consulting Group (Aug.2012 - Jan.2015)

JORGE FILIPE PINTO SEQUEIRA DOS SANTOS GRAÇA
Executive Director

QUALIFICATIONS
- Degree in Business Management and Administration from Universidade Católica Portuguesa
- MBA from Kellogg School of Management at Northwestern University

OFFICES HELD IN OTHER COMPANIES AS OF 31.12.2021
- Chairman of the Board of Directors of DUALGRID – Gestão de Redes Partilhadas, S.A.
- Member of the Board of Directors of NOS Comunicações, S.A.
- Member of the Board of Directors of NOS Açores Comunicações S.A.
- Member of the Board of Directors of NOS Madeira Comunicações, S.A.
- Member of the Board of Directors of NOS Inovação, S.A.
- Member of the Board of Directors of NOS Technology – Concepção, Construção e Gestão de Redes de Comunicações S.A.
- Member of the Board of Directors of NOS Sistemas - Serviços em Tecnologia de Informação, S.A.

PROFESSIONAL EXPERIENCE
- Director of ZON TV Cabo responsible for Product and Marketing (2010-2013)
- Director of Product TV of ZON TV Cabo (2007-2010)
- Project Leader at The Boston Consulting Group (2003-2004)

LUÍS MOUTINHO DO NASCIMENTO
Executive Director

QUALIFICATIONS
- Degree in Business Management and Administration from Universidade Católica Portuguesa
- MBA from INSEAD

OFFICES HELD IN OTHER COMPANIES AS OF 31.12.2021
- Member of the Board of Directors of NOS Comunicações, S.A.
- Member of the Board of Directors of NOS Technology – Concepção, Construção e Gestão de Redes de Comunicações S.A.
- Member of the Board of Directors of NOS Sistemas - Serviços em Tecnologia de Informação S.A.
- Member of the Board of Directors of NOS Inovação, S.A.
- Member of the Board of Directors of NOS Lusomundo Cinemas, S.A.
- Member of the Board of Directors of NOS Lusomundo Audiovisuais, S.A.
- Member of the Board of Directors of NOS Audio - Sales and Distribution, S.A.
- Member of the Board of Directors of NOS Audiovisuais SGPS, S.A.
- Member of the Board of Directors of Dreamia, BV

Member of the Board of Directors of Dreamia - Serviços de Televisão, S.A.
- Member of the Board of Directors of Dreamia, S.L.
- Member of the Board of Directors of NOS Corporate Center, S.A.
- Member of the Board of Directors of NOS Wholesale, S.A.
- Member of the Board of Directors of NOS Property, S.A.
- Member of the Board of Directors of Per-Mar, Sociedade de Construções, S.A.
- Member of the Board of Directors of Sontária – Empreendimentos Imobiliários, S.A.
- Member of the Board of Directors of Lusomundo Imobiliária 2, S.A.
- Member of the Board of Directors of Lusomundo Sociedade de Investimentos Imobiliários SGPS, S.A.
- Member of the Board of Directors of NOS Açores Comunicações S.A.
- Member of the Board of Directors of NOS Madeira Comunicações, S.A.

PROFESSIONAL EXPERIENCE
- Member of the Executive Committee of Portugal Telecom, responsible for B2C Sales and Marketing (2015-2017)
- Manager of the Home Segment & CRM of Portugal Telecom (2007-2015)
- Non-executive member of the Board of Directors of PT Contact (2011-2014)
- Former Manager of Strategic Marketing at PT Multimedia
- Former Associate and Manager at Diamond Cluster
- Started his career as analyst at McKinsey & Company

MANUEL ANTÓNIO NETO PORTUGAL RAMALHO EANES
Executive Director

QUALIFICATIONS
- Degree in Management from Universidade Católica Portuguesa
- MBA from INSEAD

OFFICES HELD IN OTHER COMPANIES AS OF 31.12.2021
- Member of the Board of Directors of NOS Comunicações, S.A.
- Member of the Board of Directors of NOS Açores Comunicações S.A.
- Member of the Board of Directors of NOS Madeira Comunicações, S.A.
- Member of the Board of Directors of NOS Internacional SGPS, S.A.
- Member of the Board of Directors of NOS Wholesale, S.A.
- Member of the Board of Directors of NOS Sistemas España S.L.
- Member of the Board of Directors of Finstar – Sociedade de Investimentos e Participações, S.A.
- Member of the Board of Directors of Upstar Comunicações, S.A.
- Member of the Board of Directors of Teliz Holding, S.A.

PROFESSIONAL EXPERIENCE
- Executive Director of Optimus Comunicações, S.A., responsible for Companies and Operators (2010-2013)
- Former Director at Optimus of Home Wireline, Central Marketing, Data Service, Particular Sales, SMEs and Business Development (1999-2009)
- Started his career in McKinsey & Co. (1995-1999)

FILIPA DE SOUSA TAVEIRA DA GAMA SANTOS CARVALHO
Executive Director

QUALIFICATIONS
- Law Degree from Universidade Católica Portuguesa (Porto)
- Postgraduate in Management for Law graduates, Universidade Católica Portuguesa (Porto)
- MBA in Management, Universidade Católica Portuguesa (Porto)

OFFICES HELD IN OTHER COMPANIES AS OF 31.12.2021
- Member of the Board of Directors of NOS Comunicações, S.A.
- Member of the Board of Directors of NOS Corporate Center, S.A.
- Member of the Board of Directors of NOS Açores Comunicações S.A.
- Member of the Board of Directors of NOS Madeira Comunicações, S.A.
- Member of the Board of Directors of NOS Lusomundo Audiovisuais SGPS, S.A.
- Member of the Board of Directors of NOS Lusomundo Audiovisuais, S.A.
- Member of the Board of Directors of NOS Lusomundo Cinemas, S.A.
- Member of the Board of Directors of NOS Audio - Sales and Distribution, S.A.
- Member of the Board of Directors of Sport TV Portugal, S.A.
- Member of the Board of Apritel – Associação dos Operadores de Comunicações Eletrónicas
- Member of the Board of APDC – Associação Portuguesa das Comunicações

PROFESSIONAL EXPERIENCE
- Director of the Legal and Regulatory area of NOS Corporate Center, S.A.
- Member of the Legal and Regulatory area of Sonaecom, SGPS, S.A. (2003-2013)
- Member of the legal team of Sonaecom, SGPS, S.A. (1998-2003)
- Member of the legal team of the Corporate Finance of Banco Português de Investimento, S.A. (feb.1998 - sep.1998)

ANA RITA FERREIRA RODRIGUES
Non-Executive Director

QUALIFICATIONS
- Degree in Management from the Faculty of Economics, University of Porto
- Post-Graduation in Tax Law at the Faculty of Law of the University of Coimbra
- MBA at Porto Business School

Offices held in other companies as of 31.12.2021
- Manager, PTCG – Consultoria de Gestão, Lda.
- Project Director, Terra Peregrin, S.A.

PROFESSIONAL EXPERIENCE
- Member of the Board of Directors of Santoro Finance – Prestação de Serviços, S.A. (2018-2020)
- Project Director, Santoro Finance – Prestação de Serviços, S.A. (2017-2020)
- Manager - Transaction Services, PricewaterhouseCoopers - AG Assessoria de Gestão, Lda. (2015-2017)
- Head of Control and Consolidation Department of Sonaecom, SGPS (2011-2015)
- Associate, Audit, PricewaterhouseCoopers & Associados, SROC, Lda. (2009-2011)

ANTÓNIO BERNARDO ARANHA DA GAMA LOBO XAVIER
Non-Executive Director

QUALIFICATIONS
- Law Degree by the University of Coimbra
- Master's Degree in Economic Law by the University of Coimbra

OFFICES HELD IN OTHER COMPANIES AS OF 31.12.2020
- Partner at Morais Leitão, Galvão Teles, Soares da Silva & Associados
- Chairman of the Board of the General Meeting of Têxtil Manuel Gonçalves S.A.
- Chairman of the Board of the General Meeting of Mysticinvest – Holding, S.A.
- Vice-Chairman of the Board of Directors of Banco BPI, SGPS, S.A.
- Director of BA Glass – Serviços de Gestão e Investimento, S.A.
- Member of the Board of Directors of Riopele, S.A.
- Member of the Curators Board of Fundação Belmiro de Azevedo
- Council of State (since 07.04.2016)

PROFESSIONAL EXPERIENCE
- Assistant at Faculty of Law of the University of Coimbra, where he taught Political Economy and Public Finance (1983–1988)
- Assistant at Faculty of Law of the University of Coimbra, responsible for the theoretical courses of Administrative and Tax Law (1988–1994)
- Professor of the European Studies Course, of the Faculty of Law of the University of Coimbra, where he co-chaired the Political Finances and Tax Harmonisation (1988-1994)
- Guest professor of the Law Department in the Portucalense University (1988-1994)
- Executive director of SIVA, SGPS, responsible for taxes and investors relationship (1996-1999)
- Member of the Board of Directors of FC Porto – SAD (2000-2002)
- Since 1985, he acted as an independent legal consultant;
- Since 2006, Partner at "Morais Leitão, Galvão Teles, Soares da Silva & Associados – Sociedade de Advogados
- Non-executive member of Sonaecom, SGPS, S.A. (2017-2018)
- Executive Director of Sonaecom, SGPS, S.A. (2004–2010)
- Vice-Chairman of the Board of Directors of Fundação de Serralves (2000-2010)
- Non-executive member of the Board of Directors of Público, S.A. (2009-2016)
- Non-executive member of the Board of Directors of PCJ – Público, Comunicação, Jornalismo, S.A. (2010–2016)
- Non-executive member of the Board of Directors of Sonae IM, SGPS, S.A. (2010–2016)
- Chairman of the Retirement Committee of IRC (2013)

ANTÓNIO DOMINGUES
Non-Executive Director

QUALIFICATIONS
- Degree in Economics from Instituto Superior de Economia de Lisboa

OFFICES HELD IN OTHER COMPANIES AS OF 31.12.2021
- Non-executive member of the Board of Directors of Haitong Bank

PROFESSIONAL EXPERIENCE
- Chairman of the Board of Directors and of the Executive Committee of the Board of Directors of Caixa Geral de Depósitos (2016-2016)
- Member and Vice-Chairman of the Executive Committee of the Board of Directors of Banco BPI (1999-2016)
- Member of the Management of BPI SGPS S.A. (1995-2000)
- Member of the Board of Directors of Banco de Fomento e Exterior (1996-1999)
- Member of the Board of Directors of Banco Borges & Irmão (1996-1999)
- Member and Vice-Chairman of the Board of Directors of Banco Português de Investimento (1995-2016)
- Member of the Board of Directors of Banco de Fomento e Exterior (2003-2020)
- Vice-Chairman of the Board of Directors of BCI - Moçambique (2003-2012)
- Member of the Board of Directors of UNICRE, SIBS, and Allianz Portugal (1999-2016)
- Member of the Board of Directors of BPI Madeira, SGPS, S.A. (1997-2016)
- Central Manager of the Financial and International Management of BPI-Banco Português de Investimento S.A. (1989-1995)
- Deputy Director-General of the French Branch of Banco Português do Atlântico (1988-1989)
- Technical Advisor of the Foreign Department of Banco de Portugal (1985-1988)
- Director of the Foreign Department of the Issuing Institute of Macau (1982-1985)
- Technical Economist of the Planning and Studies Office of the Ministry of Industry and Energy (1980-1982)

CATARINA EUFÉMIA AMORIM DA LUZ TAVIRA VAN-DÚNEM
Non-Executive Director

QUALIFICATIONS
- Degree in Management and Company Organisation from Instituto Universitário de Lisboa, ISCTE Instituto Superior de Ciências do Trabalho e da Empresa

OFFICES HELD IN OTHER COMPANIES AS OF 31.12.2021
- Executive Director of Finstar / ZAP
- General Coordination of the TV content production studios at ZAP
- Executive Member of the Marketing and Product team which she created, launched and currently manages in ZAP, the company engaged with the distribution of TV channels via satellite in Angola and Mozambique

PROFESSIONAL EXPERIENCE
- Led the Products and Services team of Unitel, the leading telecommunications operator in Angola (2005-2009)
- Created the customer's new services area of Unitel, the leading telecommunications operator in Angola (2005-2009)
- Started her career in the USA as assistant manager in Sentis and Coral, partners of Shell Oil USA (2003-2005)

CRISTINA MARIA DE JESUS MARQUES
Non-Executive Director

QUALIFICATIONS
- Degree in Economics from Higher Institute of Economics and Management
- Master of science in Business Administration, major in Finance at CATÓLICA-LISBON School of Business and Economics
- Executive training in Corporate Governance at Nova School of Business and Economics
- MBA candidate - the Lisbon MBA Católica | Nova

OFFICES HELD IN OTHER COMPANIES AS OF 31.12.2021
- Project Manager of Terra Peregrin, S.A.

PROFESSIONAL EXPERIENCE
- Project Manager of Santoro Finance - Prestação de Serviços, S.A. (2016-2020)
- Business Consultant of Capgemini Consulting (2013-2016)
- Controller of the Information Systems Department of Energias de Portugal (EDP) (2011-2012)
- Analyst of Espírito Santo Research Sectorial of Novo Banco (former Banco Espírito Santo) (2008-2010)

JOÃO PEDRO MAGALHÃES DA SILVA TORRES DOLORES
Non-Executive Director

QUALIFICATIONS
- Degree in Economics from University of Porto, Faculty of Economics
- MBA from London Business School

OFFICES HELD IN OTHER COMPANIES AS OF 31.12.2021
- Chief Financial Officer at Sonae, SGPS, S.A.
- Chairman of the Board of Directors of MKTPlace – Comércio Eletrónico, S.A.
- Executive Director of Sontel, BV
- Executive Director of Sonae Investments, BV
- Executive Director of Sonae Holdings, S.A.
- Executive Director of Sonae Corporate, S.A.
- Executive Director of Sonaecom, SGPS, S.A.
- Member of the Board of Directors of Sonae MC, SGPS, S.A.
- Member of the Board of Directors of Sonae Sierra, SGPS, S.A.
- Member of the Board of Directors of Sonae FS, S.A.
- Member of the Board of Directors of Iberian Sports Retail, S.L.
- Member of the Board of Directors of Sonae Food4Future, S.A.
- Member of the Board of Directors of Sonae RE, S.A.

PROFESSIONAL EXPERIENCE
- Manager of Strategic Planning and Management Control of Sonae, SGPS, S.A. (2014-2018)
- Manager of Cloud Business Unit of Portugal Telecom, SGPS, S.A. (2013-2014)
- Sub-Manager of Innovation Management of Portugal Telecom, SGPS, S.A. (2011-2013)
- Senior Associate at McKinsey & Company (2005-2011)
- Brand Manager at JW Burmester & Ca, S. (2003-2004)

JOAQUIM FRANCISCO ALVES FERREIRA DE OLIVEIRA
Non-Executive Director

OFFICES HELD IN OTHER COMPANIES AS OF 31.12.2021
- Chairman of the Board of Directors of Olivedesportos, SGPS, S.A.
- Chairman of the Board of Directors of Olivedesportos – Publicidade, Televisão e Media, S.A.
- Chairman of the Board of Directors of Sport TV Portugal, S.A.
- Chairman of the Board of Directors of Sportinveste Multimédia, SGPS, S.A.

PROFESSIONAL EXPERIENCE
- Founder of Olivedesportos (since 1984)
- Chairman of the Board of Directors in several companies that make up the Olivedesportos business Group (Since its creation)
- Founder of Sport TV (1998)
- Chairman of the Board of Directors of Sport TV (Since its creation)
- Chairman of the Board of Directors of Sportinveste Multimédia SGPS (Since 2001)

JOSÉ CARVALHO DE FREITAS
Non-Executive Director

QUALIFICATIONS
- Degree in Law at the Faculty of Law of the University of Coimbra

OFFICES HELD IN OTHER COMPANIES AS OF 31.12.2021
- Partner and Director of José de Freitas, Sociedade de Advogados, SP, RL
- Guest lecturer of the Catholic University of Porto
- Partner and Manager of Incrize – Consultoria de Negócios, Lda.
- Partner and Manager of Casa das Antas – Sociedade Agrícola, Lda.
- Partner and Manager of Solaco – Sociedade de Lavandarias de Coimbra, Lda.
- Partner and Manager of Superzito, Lda.
- Partner and Manager of Lemos de Freitas Negócios, Unipessoal, Lda.
- Partner and Manager of Vilnaz – Hotelaria e Turismo, Lda.
- Chairman of the General Meeting of Rancho Folclórico de Barqueiros
- Chairman of the General Meeting of Liga dos Amigos do Parente

- Chairman of the General Meeting of Fladgate Partnership Vinhos, S.A.
- Chairman of the General Meeting of J. C. Ribeiro, SGPS, S.A.
- Chairman of the General Meeting of Nici Portugal - Representações, S.A.
- Chairman of the General Meeting of Sociedade Comercial C. Santos, S.A.
- Member of the Comissão Nacional de Estágio e Formação (CNEF) and the Comissão Nacional de Avaliação (CNA) of the Portuguese Bar Association

PROFESSIONAL EXPERIENCE

- Chairman of the CCBE (2019)
- Member of the Supervisory Board of European Lawyers Foundation - ELF (2018-2020)
- Chairman of the Brexit Task Force of the CCBE (2018)
- Vice-Chairman of the CCBE (2016-2018)
- Member of the Board of Directors of ASAP (Association of Law Firms of Portugal) (2008-2010)
- Chairman of the Professional Indemnity Insurance Working Group of the CCBE (2007-2013)
- Head of the Portuguese Delegation to the CCBE - European Council of Bar Associations (2005-2015)
- Member of the General Council of the Bar Association (2005-2007 mandate)
- Partner at Cuatrecasas, Gonçalves Pereira & Associados, Sociedade de Advogados, SP, RL, where he was responsible for the Litigation and Corporate areas (1990-2019)
- Founder of the Porto's office of Cuatrecasas, Gonçalves Pereira & Associados, Sociedade de Advogados, SP, RL (1989-2012)
- Chairman of the Municipal Assembly of the City Council of Resende (1998-2001)
- General Secretary of Santa Casa da Misericórdia do Porto (1987-1988)
- Member of the International Bar Association (IBA), the American Bar Association (ABA), and the Union Internationale des Avocats (UIA)

MARIA CLÁUDIA TEIXEIRA DE AZEVEDO

Non-Executive Director

QUALIFICATIONS

- Degree in Management from Universidade Católica Portuguesa
- MBA from INSEAD

OFFICES HELD IN OTHER COMPANIES AS OF 31.12.2021

- CEO of Sonae, SGPS, S.A.
- Chairwoman of the Board of Directors of IMPARFIN – Investimentos e Participações Financeiras, S.A.
- Chairwoman of the Board of Directors of LINHACOM, SGPS, S.A.
- Chairwoman of the Board of Directors of Praça Foz - Sociedade Imobiliária, S.A.
- Chairwoman of the Board of Directors of Sonae Food4Future, S.A.
- Member of the Board of Directors of Sonae MC, SGPS, S.A.
- Member of the Board of Directors of Sonae Sierra, SGPS, S.A.
- Member of the Board of Directors of Sonae FS, S.A.
- Member of the Board of Directors of Sonae Holdings, S.A.
- Member of the Board of Directors of SONAECOM – SGPS, S.A.
- Member of the Board of Directors of ZOPT, SGPS, S.A.
- Member of the Board of Directors of Sonae Investment Management - Software and Technology, SGPS, S.A.
- Member of the Board of Directors of Público - Comunicação Social, S.A.
- Member of the Board of Directors of Sonae Indústria, SGPS, S.A.
- Member of the Board of Directors of SONAE CAPITAL, SGPS, S.A.
- Member of the Board of Directors of EFANOR – Serviços de Apoio à Gestão, S.A.
- Member of the Board of Directors of EFANOR – Investimentos SGPS, S.A.
- Member of the Board of Directors of SEKIWI, SGPS, S.A.
- Member of the Board of Directors of Setimanale SGPS S.A.
- Member of the Board of Directors of Casa Agrícola de Ambrães, S.A.
- Member of the Board of Directors of Realejo – Sociedade Imobiliária, S.A.
- Manager of Tangerine Wish, Lda.

STATUTORY AUDIT BOARD

JOSÉ PEREIRA ALVES

Chairman

QUALIFICATIONS

- Degree in Economics from Faculty of Economics of the University of Porto.

OFFICES HELD IN OTHER COMPANIES AS OF 31.12.2021

- Chairman of the Audit Committee of Corticeira Amorim, SGPS, S.A.
- Chairman of the Statutory Audit Board of The Fladgate Partnership, S.A.
- Chairman of the Statutory Audit Board of Galp Energia, SGPS, S.A.
- Chairman of the Statutory Audit Board of SFS - Gestão de Fundos, SGOIC, S.A.

Professional Experience

- Member of the Statutory Audit Board of GMG – Grupo Manuel Gonçalves, SGPS, S.A. (Jun 2019 - May 2021)
- Member of the Statutory Audit Board of Gestmin SGPS, S.A. (mar.2017 – dec.2018)
- Ceased to be a partner of PwC Portugal (30.Jun.2016)
- Assumed the leadership of PwC in Portugal, as Territory Senior Partner – President (1.Jul.2011 – 30.Jun.2015)
- Joined once more the managing body of PwC in Portugal, as Territory Human Capital Partner, as well as being responsible for the area of Knowledge Management (since 1.Jul.2007)
- He was a faculty member on the MBA in Finance at the Faculty of Economics of Porto University (2004-2008)
- Joined the Territory Leadership Team, managing body of PwC in Portugal, taking responsibility for the areas of Learning & Development and Audit Methodology (2001-2003)
- He was responsible for the coordination of the Post-Graduation Qualification in Auditing at ISAG (2000-2002)
- On 1 January 1994, he became a partner in PricewaterhouseCoopers (PwC), and for over 22 years

was responsible for the coordination of audit work and auditing of accounts for several groups, including Amorim, RAR, Salvador Caetano, Nors, Ibersol, TAP, CTT, Semapa and Jerónimo Martins, among others.
- In 1993, he became a partner of Bernardes, Sismeiro & Associados, SROC.
- In 1990, after a professional qualification examination, he became a Statutory Auditor, registered on the official list of the, then, Chamber of Chartered Accountants and became an employee of the Statutory Auditing Firm Boto, Amorim & Associados, SROC.
- He started his professional activity in 1984 as an audit officer at the international audit firm Coopers & Lybrand and was responsible for the implementation and control of several financial audits, analysis of internal control systems and accounting procedures.

PATRÍCIA TEIXEIRA LOPES
Member

QUALIFICATIONS
- Sustainable Management Degree: A Leadership Expedition to the Future, Porto Business School, 2020
- Orchestrating Winning Performance Program course, IMD Business School, June 2019
- Ph.D. in Business Science from the University of Porto, Faculty of Economics (FEP)
- Master's in Business Science, with an expertise in Financing (FEP)
- Degree in Management (FEP)

OFFICES HELD IN OTHER COMPANIES AS OF 31.12.2021
- Vice-Dean of Porto Business School
- Member of the Sustainability Committee of Porto Business School
- Member of the BIOPOLIS Installation Committee, Centre of Excellence for Basic and Environmental Biology, Ecosystem Monitoring and AgroBiodiversity
- Member of the Remuneration Committee of Caixa Geral de Depósitos.

PROFESSIONAL EXPERIENCE
- Pro-Dean of University of Porto, in charge of strategic planning and management (2008-2015)
- Chairman of the Statutory Audit Board of the Fundação Instituto Marques da Silva (2012-2016)
- Member of the General Council of INESC Porto – TEC (2012-2015)
- Member of the Statutory Audit Board of the Fundação Ciência e Desenvolvimento (2008-2012)
- Member of the Board of UPTEC – Associação para o Desenvolvimento do Parque de Ciência e Tecnologia da University of Porto (2008-2009)
- Director of the Instituto Mercado de Capitais da Euronext Lisboa (1999-2002)
- Author of several papers on national and international professional and academic magazines, regular speaker in conferences in its areas of expertise

PAULO CARDOSO CORREIA DA MOTA PINTO
Member

QUALIFICATIONS
- Degree, Master's, and Doctorate in Civil Law Sciences at Faculty of Law, University of Coimbra

OFFICES HELD IN OTHER COMPANIES AS OF 31.12.2021
- Professor at the Faculty of Law of the University of Coimbra. He has also taught and given lectures in the field of private law at other universities in Portugal and abroad (Brazil, Angola, Mozambique, Macau, Spain, Germany, etc.)
- Member of various Master's and Doctoral panels, particularly in the field of private law, sometimes as examiner. He has published studies (articles and books) mainly in the field of civil law and fundamental rights and has written preliminary drafts of laws (such as the legal rules governing the sale of consumer goods and direct-mail advertising)
- Legal adviser and arbitrator. In this latter capacity, he has chaired or been a member of adhoc arbitral tribunals, set up by the Centres for Commercial Arbitration of the Associação Comercial do Porto and the Associação Comercial de Lisboa or for the International Court of Arbitration of the International Chamber of Commerce
- Chairman of the Board of the General Meeting of Caixa Geral de Depósitos, S.A.

PROFESSIONAL EXPERIENCE
- Chairman of the Intelligence Oversight Committee of the Portuguese Republic, elected by the Assembly of the Republic (mar.2013 - dec.2017)
- Former Member of Parliament, Chairman of the Parliamentary Budget and Finance Committee of the 11th Legislature (nov.2009 - apr.2011), and Chairman of the European Affairs Committee, of the 12th Legislature (jun.2011- oct2015)
- Former Vice-Chairman of the National Political Committee of the PSD (2008-2010)
- Constitutional Court Judge, elected by the Assembly of the Republic (11.mar.1998 – 4.apr.2007)
- Former Legal Advisor of BPI - Banco Português de Investimento (1991-1998)

ANA LUÍSA NABAIS ANICETO DA FONTE
Alternate Member

QUALIFICATIONS
- Degree in Business Management and Administration from the Faculty of Economics and Management of the Universidade Católica Portuguesa
- Advanced Training in Taxation by the Universidade Católica Portuguesa
- Member of the Portuguese Institute of Statutory Auditors and the Portuguese Chartered Accountants Association

OFFICES HELD IN OTHER COMPANIES AS OF 31.12.2021
- Partner at the Statutory Auditing Firm Ana Fonte & Associados
- Member of the Statutory Audit Board of SDSR – Sports Division SR, S.A.
- Member of the Statutory Audit Board of the Sociedade Gestora dos Fundos de Pensões do Banco de Portugal, S.A.
- Member of the Statutory Audit Board at MARTIFER, SGPS. S.A. (alternate)
- She is a lecturer in auditing on the Degree in Management, as well as on the Master's Degree in Auditing and Taxation and the Financial Information and Business Performance course of the Master's Degree in Management at the Universidade Católica Portuguesa

PROFESSIONAL EXPERIENCE
- Representative of the Portuguese Institute of Statutory Auditors in the "Young Professionals" working group of Accountancy Europe (ended at the beginning of 2021)

- Assistant to the Director of the Northern Regional Services of the Portuguese Institute of Statutory Auditors (ended at the beginning of 2021)
- Since 2016, she has collaborated with the technical department of the Portuguese Institute of Statutory Auditors in the revision of regulations applicable to the profession (ended at the beginning of 2021)
- Since 2011, she has been teaching the audit modules of the Preparation Course for Statutory Auditor and she is also a trainer for several audit training sessions organised by the Portuguese Institute of Statutory Auditors as part of the continuous training of Statutory Auditors (ended at the beginning of 2021)
- In collaboration with the Portuguese Institute of Statutory Auditors, she is an audit trainer on the preparation course for Admission to the College of Certified Auditors of the Mozambican Order of Accountants and Auditors (ended at the beginning of 2021)
- Worked at Grant Thornton's Porto office (2010-2016)
- Ernst & Young (Mozambique) (2007)
- Auditor at PricewaterhouseCoopers – PwC (2001)

REMUNERATION COMMITTEE

MÁRIO FILIPE MOREIRA LEITE DA SILVA

Member

QUALIFICATIONS

- Degree in Economy from Porto's Faculty of Economics
- Theoretical part of the Master's Degree in Business Science, with an expertise in Financing

OFFICES HELD IN OTHER COMPANIES AS OF 31.12.2021

- Member of the Board of Directors of ZOPT, SGPS, S.A.

PROFESSIONAL EXPERIENCE

- Chairman of the Board of Directors of BFA - Banco Fomento Angola (2017-2020)
- Chairman of the Board of Directors of Efacec Power Solutions, SGPS, S.A. (2015-2020)
- Member of the Board of Directors of Banco BPI, S.A. (2013-2017)
- Member of the Board of Directors of Kento Holding Limited (2009-2021)
- Professor in the MBA Executive at Porto Business School (2013-2020)
- Member of the Auditing and Internal Control Committee of Banco BPI, S.A. (2011-2017)
- Member of the Board of Directors of NOS, SGPS, S.A. (2009-2020)
- Chairman of the Board of Directors of Fidequity – Serviços de Gestão, S.A. (2006-2020)
- Chairman of the Board of Directors of Santoro Financial Holding, SGPS, S.A. (2006-2020)
- Administrative Director and CFO of Grupo Amorim (2002-2006)
- CFO of Grundig Auto Rádios Portugal (1999-2001)
- Professor of Cost Accounting and Management Control in the Company Development course from Universidade Católica Portuguesa – Braga Regional Centre (1997-2001)
- Team Manager in the Audit Department of PricewaterhouseCoopers (1996-1999)
- Analyst in the Analysis and Credit Risks Control Department of BNC – Banco Nacional de Crédito (1995-1996)

JOSÉ CÔRTE-REAL

Member

QUALIFICATIONS

- Degree in Psychology and Education Science
- 1996 PADE - High Corporate Management Program

OFFICES HELD IN OTHER COMPANIES AS OF 31.12.2021

- HR Consultant
- Director - Fundação Belmiro de Azevedo

PROFESSIONAL EXPERIENCE

- Chief Human Resources Officer (CHRO) of Sonae (2015–2019)
- Chairman of the Consultive Group of Human Resources Sonae (2013–2019)
- Executive Director of Sonae MC / Sonae SR (2001–2015)
- Chief Human Resources Officer of Sonae Distribuição (1993–2001)
- Chief Human Resources Officer of Modelo Continente Hipermercados (1990–1993)
- Chief Human Resources Officer of Modis, Distribuição Centralizada (1988–1990)
- Personnel Director ED. Ferreirinha & Irmão, Motores e Máquinas EFI Feruni - Sociedade de Fundição (1981–1988)

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