Report and Consolidated Accounts of the Group

We preserve social values by creating a sustainable economy.

COMBOIOS DE PORTUGAL

Technical Information

CP – Comboios de Portugal, E.P.E.

Calçada do Duque, nº 20

1249 – 109 Lisbon

Corporate Taxpayer number: 500 498 601

Registered in the Commercial Registry Office of Lisbon under the no. 109

Statutory Capital € 3 959 489 351,01 (as at December 31st, 2020)

Design and Coordination:

Department of Planning, Control and Management Information

Financial Management

Images: Manuel Moreira

Contacts:

institucional@cp.pt

Corporate ESG Performance
Prime
RATED BY ISS ESG

Membro
BCSD
PORTUGAL
Empresas pela Sustentabilidade

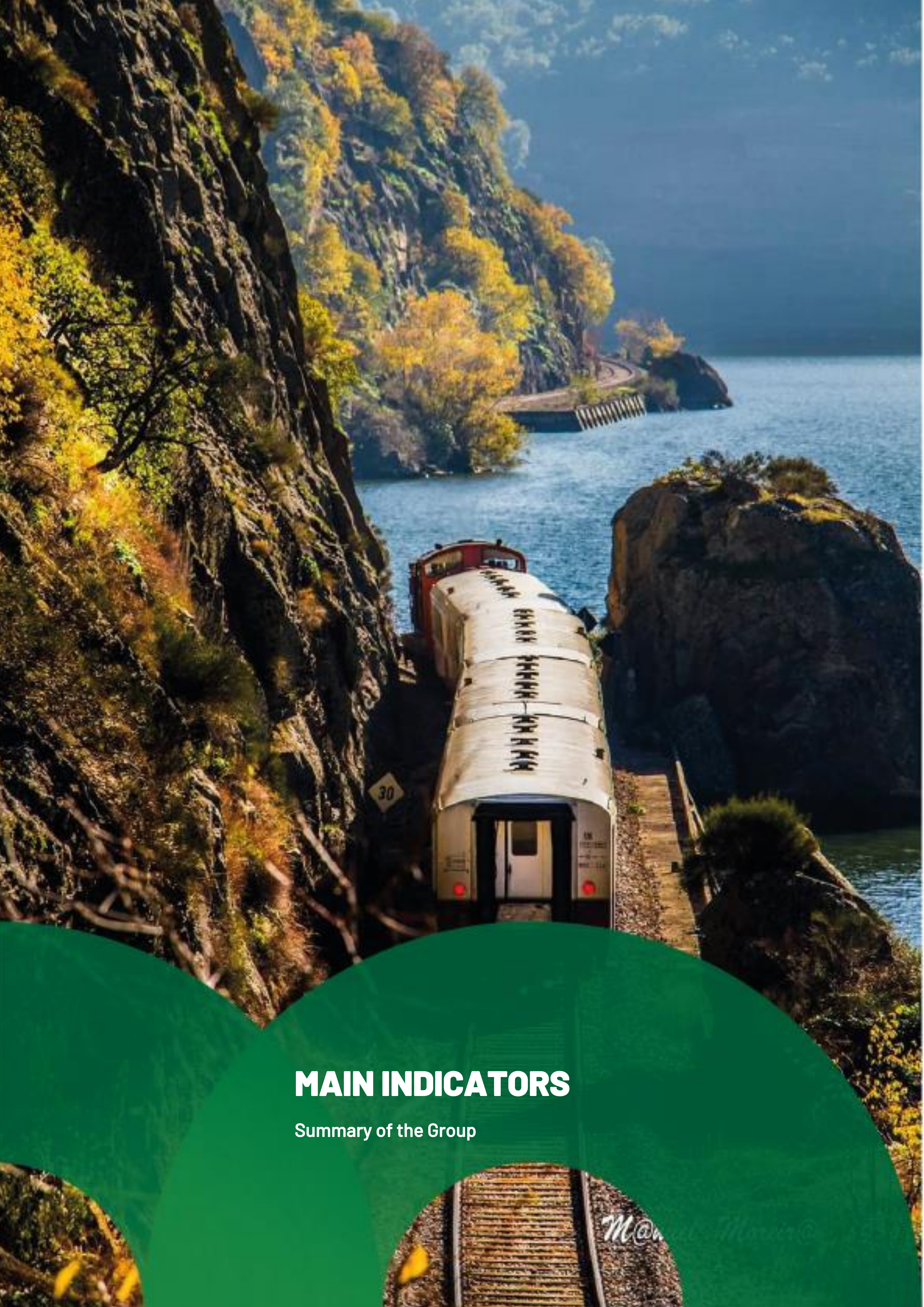
Table of Contents

Index of Charts

2020 Consolidated Report and Acounts

MAIN INDICATORS

01



MAIN INDICATORS

Summary of the Group

Group's Operating Indicators	2020	2019	Δ 20-19	Δ %
Demand				
Passengers (10^3)	86 910	144 894	-57 984	-40,0%
Passengers Kilometre (10^3)	2 200 817	4 436 079	-2 235 262	-50,4%
Supply				
Trains (10^3)	404	434	-30	-6,9%
CK (10^3)	25 662	29 094	-3 432	-11,8%
Human Resources				
CP	3 736	2 646	1 090	41,2%
EMEF	0	1 009	-1 009	-100,0%
Fernave	9	9	0	0,0%
SIMEF	64	60	4	6,7%
Ecosaúde	25	26	-1	-3,8%
Saros	1	1	0	0,0%
Group's Final Effective Staff	**3 835**	**3 751**	**84**	**2%**
Fleet - Active Fleet				
Railcars	242	241	1	0,4%
Locomotives	35	31	4	12,9%
Carriages	118	108	10	9,3%

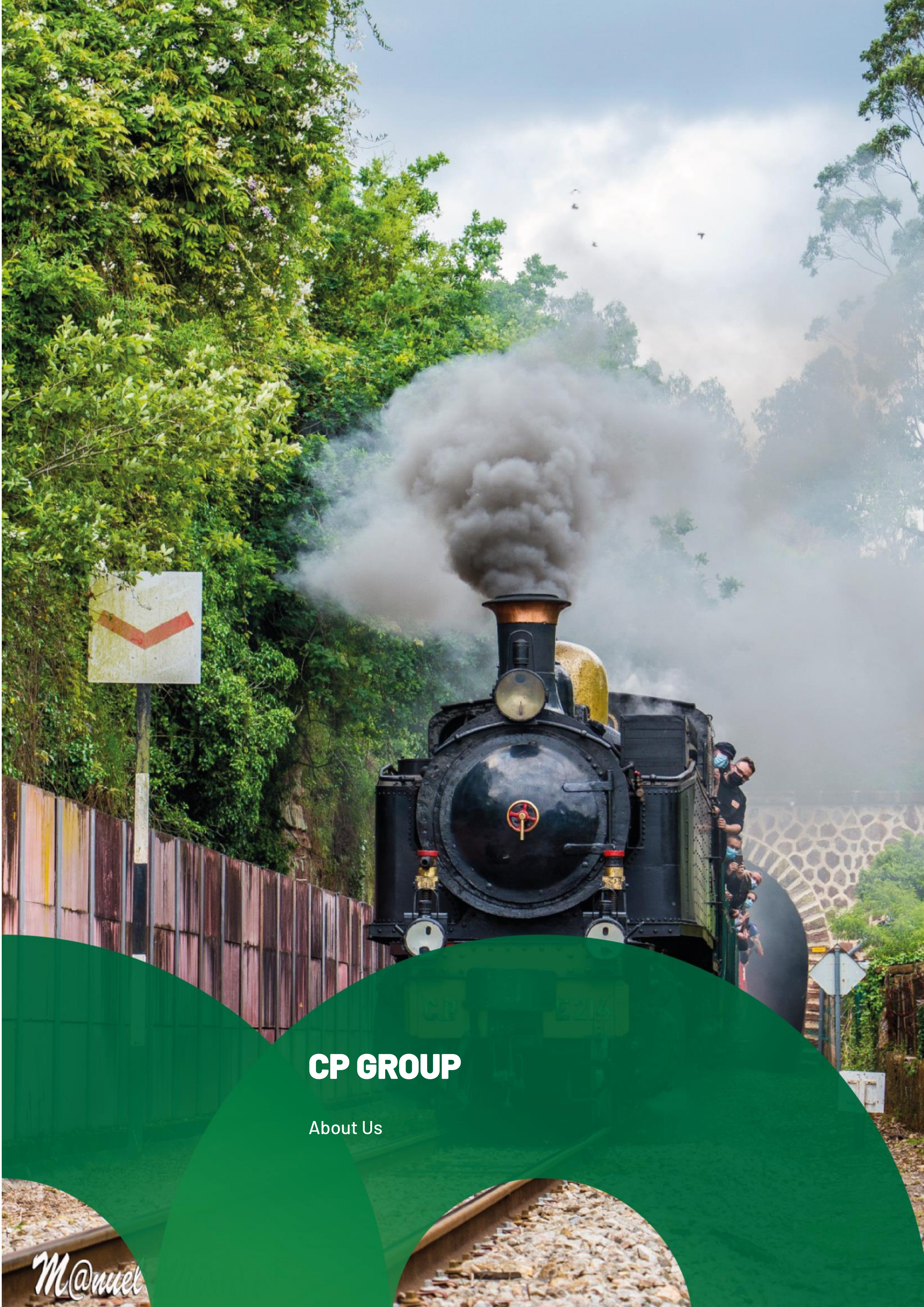
Group's Financial Indicators (10^3 €)	2020	2019	Δ 20-19	Δ %
Income Statement				
Operating Result	-64 421	4 513	-68 934	1527%
Net Result	-95 656	-52 502	-43 154	-82%
EBITDA (*)	-3 050	58 826	-61 876	-105%
Balance Sheet				
Asset	545 315	595 928	-50 613	-8%
Equity	-1 871 964	-1 776 514	-95 450	-5%
Liability	2 417 279	2 372 442	44 837	2%
Loans obtained	2 132 357	2 066 901	65 456	3%

* Before severance payments, fair value, impairments, provisions, depreciation, amortisation, expenses with loans and taxes and other transactions not related to the Group's core activities.

2020 Consolidated Report and Acounts

CP GROUP

02



CP GROUP

About Us

About Us

CP is a public railway transport company held 100% by the Portuguese State. CP is the parent company of a corporate group of entities that supply services in the sector, e.g., in the areas of maintenance of rolling stock, training, healthcare and insurance mediation, with minority case-by-case holdings, on a cooperation-based approach with other operators.

On January 1st, 2020, CP incorporated EMEF - Empresa de Manutenção de Equipamento Ferroviário, S.A., which will allow the reinforcement of the operational and functional capacity of the main national rail passenger transport operator.

Following this merger, the structure of the company was reorganized to integrate the management of rolling stock and maintenance and repair activities, taking advantage of the synergies generated by the better allocation of resources and competencies.

At the end of 2020, the Group had around 4000 employees, a fleet of 242 railcars, 35 locomotives and 118 carriages. These resources allowed for the circulation of 404 thousand trains which carried, despite the reduction in mobility caused by the pandemic, around 87 million passengers.

The Group has also provided rolling stock maintenance services for other Transport Operators, as well as training and health services, both for the CP and other Companies, and for Private Customers as well.

Despite the year's conjuncture, the Group ended 2020 with a Turnover of around 174 million euros.

The following diagram presents the holdings from CP and its affiliate companies in 2020:

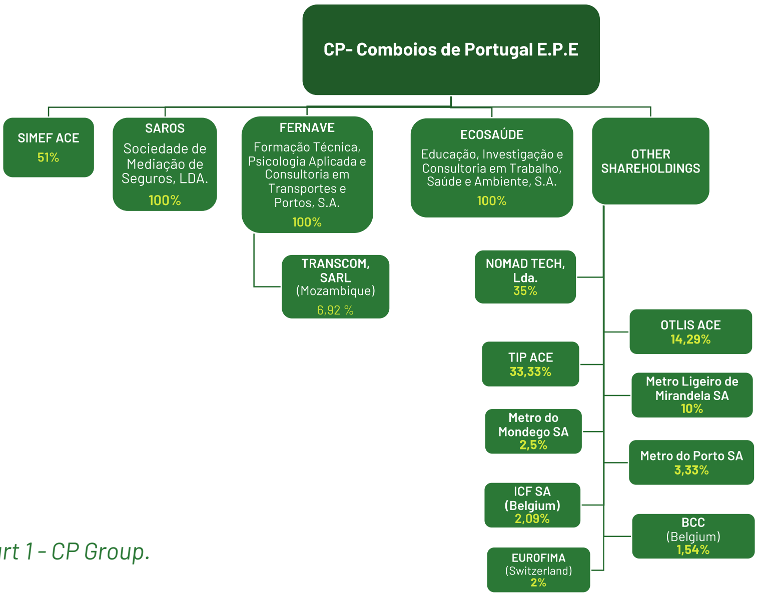


Chart 1 - CP Group.

Each has contributed as follows for the Group mission of supplying mobility to the Portuguese society:

CP – COMBOIOS DE PORTUGAL, E.P.E.

The main purpose of CP – Comboios de Portugal, E.P.E. is the provision of passenger railway transport services. It also comprises the manufacture, reconditioning, overhaul repair and maintenance of equipment and railway vehicles, as well as the study of workshop facilities for maintenance purposes. The maintenance and repair services are executed not only on its own rolling stock but are also provided to other Transport Operators.

ECOSAÚDE – Educação, Investigação e Consultoria em Trabalho, Saúde e Ambiente, S.A.

ECOSAÚDE provides services regarding healthcare, teaching, training, and technical/professional development within the sectors of working conditions, health and environment. ECOSAÚDE also performs services related to recruitment, selection, and assessment of staff, along with technical assistance, consultancy and auditing, specifically regarding occupational health, hygiene and safety, environment and environmental management. ECOSAÚDE performs drug and alcohol tests and ensures proper referral for the treatment of such addictions.

FERNAVE – Formação Técnica, Psicologia Aplicada e Consultoria em Transportes e Portos, S.A.

FERNAVE carries out training and professional technical development, as well as studies and projects within the scope of the creation, organisation, and management of companies. FERNAVE also provides services related to applied psychology, as well as medical and psychological assessment, higher education and scientific research regarding transportation, communications, or technological areas within the technological scope of the aforementioned companies.

SAROS – Sociedade de Mediação de Seguros, Lda.

SAROS provides mediation services within the category of insurance agents in the LIFE and NON-LIFE fields. SAROS' activity is focused on managing the insurance portfolio of the companies of CP Group.

SIMEF, A.C.E

SIMEF carries out the maintenance of electric locomotives - "LE 5600" and "LE 4700" series.

NOMAD TECH

NOMAD TECH develops its activity within the scope of engineering, innovation and technology applied to transportation, manufacture, repair and maintenance of electronic components and the development of computer science solutions.

TIP, A.C.E.

TIP is responsible for the implementation and management of a common and exclusive ticketing system of the Grouping (CP, STCP and Oporto Metro) in the Metropolitan Oporto Area, as well as for establishing the common and exclusive intermodal tariff for the public passenger transportation that are operated either directly or indirectly by the Grouping entities.

OTLIS, A.C.E.

OTLIS is responsible for the development of the tele-ticketing project in the Metropolitan Lisbon Area in association with other international partners, following the commitments assumed by the companies comprising the grouping within the scope of the overall proposal of the aforementioned project (OTLIS, A.C.E.).

CP further has a few minority holdings based on cooperation with other Operators.

Governance Model

CP’s Board of Directors is composed as follows:

President – Eng. Nuno Pinho da Cruz Leite de Freitas

Vice-President – Eng. Pedro Miguel Sousa Pereira Guedes Moreira

Voting Member – Dr. Ana Maria dos Santos Malhó

Voting Member – Dr. Maria Isabel de Magalhães Ribeiro

Voting Member – Eng. Pedro Manuel Franco Ribeiro

The Members of CP’s Board of Directors hold the following Management positions in the affiliate companies:

Member of the Administration Board	Accumulation of Functions - 2020			
	Entity	Function	Regime (Public/Private)	Identification of Authorisation Date and Form (AG/DUE/D)
Pedro Miguel Sousa Pereira Guedes Moreira	NOMAD TECH	Manager (since 30-07-2019)	Private	AG of 30-07-2019
Maria Isabel de Magalhães Ribeiro	SIMEF	President of the Board of Directors (since 30-07-2019)	Public	AG of 30-07-2019

Caption:

Nomad Tech, Lda

SIMEF A.C.E.- Serviços Integrados de Manutenção e Engenharia Ferroviária, A.C.E.

C.A. - Board of Directors

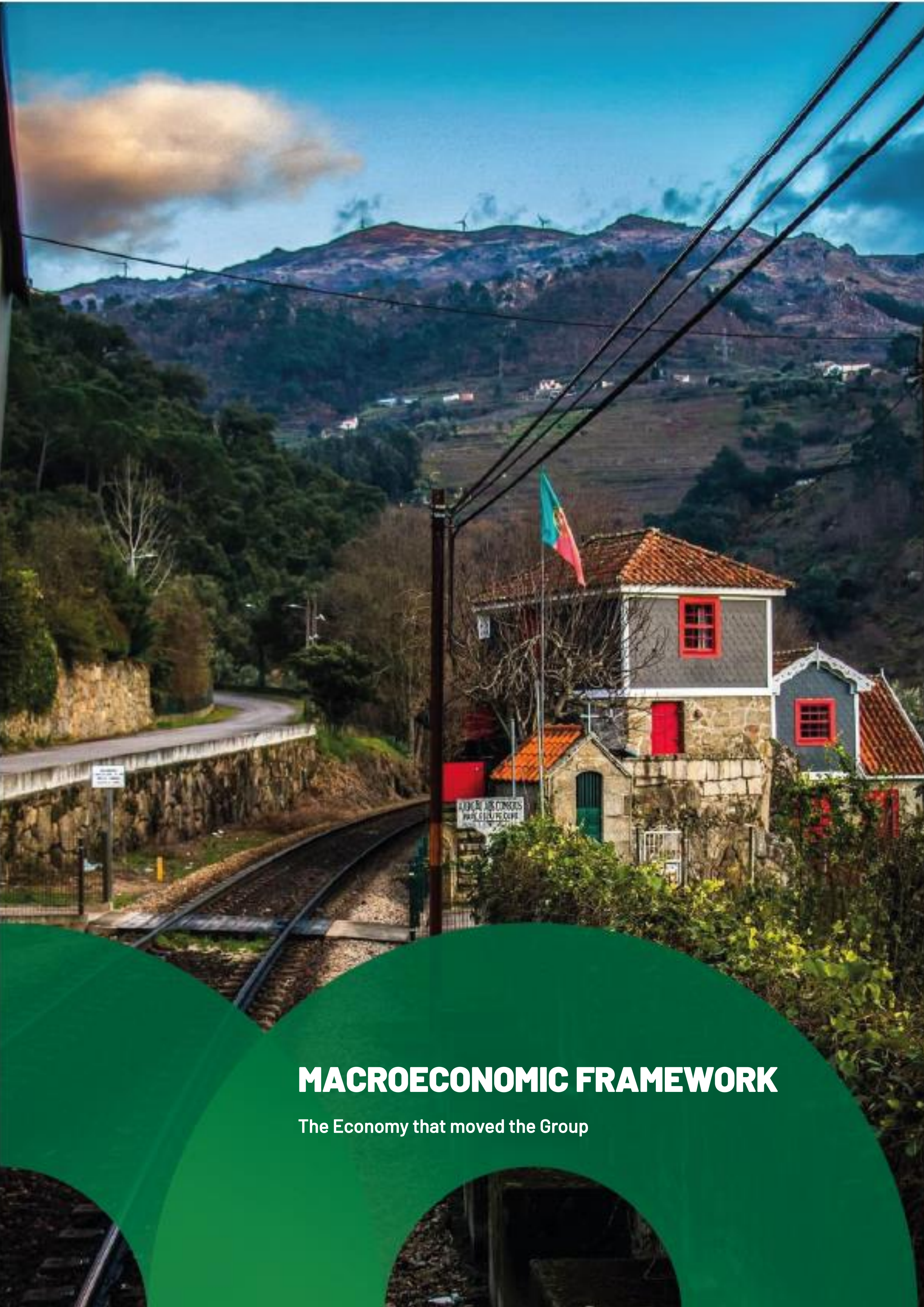
The Group’s Value Chain

The following table shows the services which the companies in the Group provide each other with:

Provider	Service	Receiver				
		CP	Fernave	Ecosaúde	SAROS	SIMEF
CP	Rental of Buildings		☑			☑
	Rendering of Services (Accounting, IT, Etc.)		☑	☑	☑	
	Re-Invoicing (Facility Cleaning, Surveillance, Utilities, etc.)		☑	☑	☑	
	Rolling Stock Maintenance and Repair Services					☑
Fernave	Training	☑			☑	☑
EcoSaúde	Services of occupational health, hygiene and safety and alcohol and psychotropic substance testing	☑	☑		☑	☑
SAROS	Insurance mediation	☑	☑	☑		☑
SIMEF	Rolling stock maintenance and repair services	☑				

LEGAL AND MACROECONOMIC FRAMEWORK

03



MACROECONOMIC FRAMEWORK

The Economy that moved the Group

Context

CP presents its consolidated financial statements under the international financial reporting standards, as provided for in Regulation No. 1606/2002 of the European Parliament and the Council of July 19th. These statements express the financial position and results of operations of the group as if they were a single entity and are intended to show the results of operations that the group companies have carried out with third parties.

This consolidation shall not have an impact at a tax level, namely regarding Income Tax, given that there are no expectations for the group to obtain future taxable profits which allow using the accumulated tax losses.

Non-Financial Reporting

As to the 2020 Non-Financial Reporting, CP draws up its Sustainability Report since 2008 and publishes it in its web*site* on a date following the publication of the Report & Accounts or Annual Management Report. For the financial year under review, CP will act accordingly, under the provisions of Article 3 of Decree-Law no. 89/2017, of July 28th.

Macroeconomic Framework[1]

National Accounts

The year of 2020 began with high expectations, following a GDP growth above 2% in 2019. However, on March 22nd[2], Portugal entered a state of emergency due to the COVID-19 pandemic and with it, the economic downturn reached unthinkable levels compared to previous periods, with almost all components fluctuating negatively.

In the second quarter of 2020, the Gross Domestic Product (GDP) at constant prices registered a year-on-year reduction of 16.3%. The less intense reduction in GDP in the third quarter occurred in the context of a progressive reopening of economic activity.

Change in GDP in Portugal (%)					
2018	2019	1Q 2020	2Q 2020	3Q 2020	4Q 2020
2,6	2,2	-2,2	-16,3	-5,7	-6,1

The slow-down in domestic demand has significantly contributed to this variation in GDP, above all, the decline in private consumption. Net foreign demand accentuated this downturn, reflecting an

[1] Source: www.INE.pt and "Portuguese Macroeconomic Conjuncture" – Order of Economists.
[2] Order No. 2-A/2020 (as amended by Rectification Declaration No. 11-D/2020).

unthinkable decrease in tourism exports.

Change in Private Consumption in Portugal (%)					
2018	2019	1Q 2020	2Q 2020	3Q 2020	4Q 2020
2,9	2,3	-0,8	-13,8	-4,1	-4,8

Change in Exports in Portugal (%)					
2018	2019	1Q 2020	2Q 2020	3Q 2020	4Q 2020
4,5	3,7	-4,8	-40,0	-15,9	-14,1

Concerning the budgetary balance and after the 2019 surplus, the pandemic provoked a degradation of this indicator with the prospect of deficit of around 6% in 2020. Public debt followed the same tendency, reaching a new historical maximum in 2020.

Labour market

The unemployment rate on the fourth quarter of 2020 was at 7.1%, which corresponds to an increase of 0.4 percentage points compared to the fourth quarter of 2019.

Despite the devastating reduction in economic activity, this variable did not register fluctuations of the same dimension due to the simplified Layoff regime (Extraordinary Support Measure for the Maintenance of Employment Agreements), aimed at employers whose premises were subject to closure by legislative determination, within the scope of the COVID-19 pandemic.

On the other hand, a significant part of the working population carried out its activity through teleworking (13.4% in the third quarter of 2020 and 12.3% in the fourth quarter).

These facts had a strong impact both on the reduction in demand for public transport and on the variation in the consumer price index.

Inflation

From April 2020, the variation of the Harmonised Index of Consumer Prices (HICP) has remained always in negative values, except for June. In 2020, the HICP registered an annual average change of -0.01% (having registered an average of 0.34% in 2019).

The national and international conjuncture reported in this chapter led the management indicators of CP Group to present values much lower compared to previous years.

GROUP'S PERFORMANCE

04

GROUP'S PERFORMANCE

The Group's events

CP

Executive Summary

The year began auspiciously with the merger of CP with EMEF.

However, 2020's activity is marked by the effect of the COVID-19 pandemic.

After two months of demand's growth in line with the one registered in the previous years, induced not only by the growth of the Portuguese economy, but also by the growth of tourism, March began with a drastically changed scenario characterised by strong restrictions to the economic activity and mobility.

In the third quarter a slightly recovery was registered, with a less severe GDP retraction than in the previous period and with some recovery in mobility. However, in the last quarter the situation worsened again, with the return of mobility restrictions due to the increase of the infection cases and hospital admissions.

During this period CP never neglected its responsibilities, protecting and informing its customers and workers, ensuring its duty of mobility provider to everyone in need of transportation, regardless of the generalised confinement.

Activity in 2020

The actions taken to combat and mitigate the pandemic risks include:

Information to Customers and Workers

Dissemination actions, both on the Company's website and at the ticket offices, on rolling stock and other workplaces.

Customers and Workers Protection

Diverse measures for the identification, treatment, and referral of suspicious cases, including the creation of Ecosaúde's Medical Support Line (CP's affiliate company aimed at occupation health and safety) and the distribution of personal protective equipment to workers.

Reduction of Customer Contacts

Opening of access control channels to platforms throughout the Lisbon Urban Area network.

Changes to Offer due to the Pandemic

More than 25 operating business plans have been implemented since March, with cancelations or resumptions, to better adapt to the existing mobility restrictions or confinement slowdowns.

COVID CLEAN Certification

In August, following all these measures, CP obtained the important COVID CLEAN certification, a guarantee seal of compliance with the Good Practices and Recommendations of the Directorate-General for Health in the Management of Biological Risks.

As for the main events:

Merger by incorporation of EMEF into CP:

As at January 1st, 2020, CP incorporated EMEF - Empresa de Manutenção de Equipamento Ferroviário, S.A., which allowed the reinforcement of the operational and functional capacity of the main national passenger railway transport operator.

As a result of this merger, the company's structure was reorganised to integrate the management activities of passenger railway transport and maintenance and repair activities, taking advantage of the synergies created by the better allocation of resources and skills.

Reopening of Guifões Workshop

The reopening of Guifões workshop allowed the increase of the company's industrial capacity. It shall have as its main functions the recovery of vehicles withdrawn from the commercial service, the repair activities of the rolling stock used in the Oporto urban service, as well as the modernisation of the current fleet of Diesel railcars.

As foreseen in RCM [Resolution of the Council of Ministers] No. 110/2019, this constitutes the first step for the creation of a vocational railway training centre, alongside a railway-oriented business incubator.

Reopening of Figueira da Foz Workshops

The Figueira da Foz Workshop, which had been closed since 2011, reopened in November. This workshop shall reinforce the rolling stock maintenance capacity, currently focusing its activity on the maintenance and repair of the UTD 592 series that operate in Oeste Line, as well as in rolling stock painting and graffiti removal.

Return of Immobilised Rolling Stock to Service

Throughout the year there was a gradual renewal of the maintenance function and of the restoration of several vehicles of CP's fleet that were out of order, which allowed the reinforcement of the active fleet and minimisation of the number of suppressions.

Approval of the Court of Auditors to the Public Service Obligations Contract

The Public Service Obligations Contract between CP and the State was signed in November of 2019. At the end of June 2020, the Court of Auditors granted its prior approval, which allowed the receival of the financial compensation due for the public transport service, provided by the company, with effects since January 1st, 2020.

Signing of the Contract for the Purchase of 22 Railcars

A contract contemplating the purchase of 12 Bi-Mode Railcars (which run on both electrified and non-electrified lines), and 10 Electric Railcars for the Regional Service was signed in October.

The contract awaits prior approval of the Court of Auditors.

Purchase of 51 carriages from RENFE

CP acquired, in the third quarter of 2020, 51 carriages from RENFE. The rehabilitation works began immediately, as well as its adaptation to the CP image. The first units are expected to enter into service in the first half of 2021.

Graffiti removal from the material

By reinforcing and reorganising the team involved in the graffiti removal activity, improving the use of the washing gantries, and reducing the average intervention time, the percentage of material circulating with graffiti was drastically reduced.

New passenger information system

The prototype of passenger information system, named "NextStop", was presented. This prototype, developed internally, was a result of the need to install a passenger information system in the "Arco" carriages, recently acquired from RENFE. But may well be adapted to all railcars and carriages at CP's service.

Improvements in Train Access for Customers with Special Needs

A new access ramp prototype for Customers with Special Needs was developed for the UME 3400 of the Oporto Urban Service. They are intended to facilitate the boarding and disembarkation of these Customers in almost all the stations served by this material. The installation of 34 railways in the full fleet is expected to be carried out until the end of the first half of 2022.

CP Shop at Belém Station

A ticket office with a new shop concept was created at Belém Station, in Cascais Line, marked by a uniform and contemporary image, transmitting the Brand's graphic identity, and integrating several Company services in a single space.

More Services at the Online Ticket Office and at the CP App

Since the beginning of March, it has been possible to buy tickets for Coimbra Regional, Interregional and Urban trains online and via CP App. This option was already available for tickets purchase for CP's premium services.

Tariff Update

A Tariff Update of 1.4% for the Alfa Pendular services and of 0.38% for the remaining services was implemented, as at January 1st, 2020. The occasional tickets for Lisbon Urban services remained unchanged.

New Company Agreements

Culminating a negotiation process initiated in 2018, three New Labour's Company Agreements (CAs) were signed, which reflects the revision of previous Labour's Company Agreements in force at CP and EMEF. These new Agreements contained monetary expression clauses with retroactive application to 2019.

Resource Management

Human Resources

In the beginning of 2020, following the merger by incorporation of EMEF into CP, the workers of its former subsidiary were transferred to CP. The permanent staff at the end of 2019 in both Companies was of 3.655 employees. The permanent staff at the end of 2020 was of 3.736 employees.

During the year, 171 employees joined the company's permanent staff, and 92 employees left the company, mainly due to termination of employment agreements by mutual agreement or for retirement reasons. Two employees also returned after extended leave.

The absenteeism rate registered an increase of 1.2 p.p. when compared to the previous year, reaching an 8.4% value, mainly due to illness situations and family assistance as result of the pandemic.

The rate of overtime work fell by 5.5 p.p. in relation to the previous year, registering a value of 8.6%.

Compared to the previous year, the Company is now responsible for the maintenance and repair activities, with a corresponding staff complement, for which is natural not to exist comparability in the staff management rates.

In 2020, more than 75 thousand training hours were provided to about 4 000 trainees, most of them conducted by Fernave, a company of the CP Group. Safety was the theme with more hours of training registered and trainees covered.

Fleet

At the end of 2020, CP held an active fleet of 395 rolling stock units, in commercial service, of the following type:

Type of Material	2020	2019	Δ 20-19
Electric railcar	191	189	2
Diesel railcar	51	52	-1
Electric locomotive	26	24	2
Diesel locomotive	9	7	2
Carriages	118	108	10
TOTAL	395	380	15

Note: The concept of "Active Fleet" was changed from the last Report and Accounts.

During 2020, 17 units went into service, following the strategy of replacing to commercial, rolling stock withdrawn from activity several years ago , for an increase in the regularity rates.

In turn, an electric railcar of the CPA 4000 series allocated to the Long-distance service was immobilized due to a serious accident that occurred in the Northern Line, at the end of July 2020.

The above-mentioned active fleet includes 23 diesel railcars leased from RENFE, allocated to the Regional and Celta services (Oporto-Vigo international connection). In 2020 a railcar was returned to RENFE.

CP also has 16 units assigned to the Historic Trains, 10 units to the Rescue Train and 7 Light Rail Tractors, which provide internal support service to the workshops.

CP acquired, in the third quarter of 2020, 51 carriages from RENFE, still in rehabilitation.

Demand and Supply

After four particularly positive years for CP, with a recurrent growth in demand, the mobility restrictions aforementioned have brought an unprecedented downturn in demand.

The year ended with about 87 million passengers carried, after having come close to 145 million in 2019, which represented a 40% drop when compared to the previous year.

Passengers (*10³)	2020	2019	Δ 20-19	Δ %
Urban Serv. Lisbon	65 940	103 292	-37 351	-36,2%
Urban Serv. Oporto	11 647	23 674	-12 027	-50,8%
Urban Serv. Coimbra	559	890	-331	-37,2%
Long-distance Serv.	2 604	6 468	-3 863	-59,7%
Regional Serv.	6 126	10 341	-4 215	-40,8%
International Serv.	33	230	-197	-85,6%
TOTAL	86 910	144 894	-57 984	-40,0%

In terms of supply, more than 25 Operating Business Plans were implemented in a year strongly impacted by the COVID-19 pandemic effects. CP still maintained most of its supply.

The main amendment occurred between March 18th and May 4th with the application of a contingency plan with a 25% reduction in the number of trains carried out, going from about 1 400 connections to 1 050 connections on a business day. It is also worth mentioning the extended suspension of international services.

Trains Kilometre (*10³)	2020	2019	Δ 20-19	Δ %
Urban Serv. Lisbon	6 248	6 540	-292	-4,5%
Urban Serv. Oporto	4 501	4 594	-94	-2,0%
Urban Serv. Coimbra	456	481	-26	-5,3%
Long-distance Serv.	5 861	8 017	-2 156	-26,9%
Regional Serv.	8 378	8 618	-239	-2,8%
International Serv.	218	843	-625	-74,1%
TOTAL	25 662	29 094	-3 432	-11,8%

Profits

The evolution of traffic income followed the demand tendency, with an even more accentuated reduction, in the order of 45%.

The profits stood at 151 million euros, which is a reduction of 123 million euros when compared to the previous year. It is worth mentioning that this value includes extraordinary contributions granted within the scope of the Tariff Reduction Support Program (PART).

Traffic Revenues (*10^3 €)	2020	2019	Δ 20-19	Δ %
Urban Serv. Lisbon	72 628	95 342	-22 714	-23,8%
Urban Serv. Oporto (*)	18 954	30 706	-11 752	-38,3%
Urban Serv. Coimbra	737	1 197	-460	-38,5%
Long-distance Serv.	41 448	110 036	-68 588	-62,3%
Regional Serv.	15 461	27 917	-12 456	-44,6%
International Serv.	1 423	8 652	-7 229	-83,5%
TOTAL	150 652	273 850	-123 198	-45,0%

Note: does not include residual values accounted for in other Bodies.

Maintenance Activity

With the merger by incorporation of EMEF into CP, the railway rolling stock maintenance activity was internalised.

This activity is mainly intended to ensure the reliability and availability of rolling stock at CP's service, as a transport operator, but also to ensure the fulfilment of the contracts established with other customers, regarding the maintenance and repair of their fleets and the repair of components.

CP internally ensures the current maintenance of all its material series, except for 5600 locomotives. The maintenance of these locomotives is carried out by SIMEF, CP's affiliate company.

Over the year of 2020, 'Overhaul Repairs (of type R)' continued to be made in several material series, with the purpose of restoring their operating and safety levels. The project for 'half-life intervention of CPA' has been completed.

With the purpose of reinforcing the active fleet and following the reinforcement of workshop capacity, there was a restitution into service of several material that was immobilised, namely:

- 3 railcars of the UQE 2300/2400 series, with installation of new traction converters with IGBT, to reinforce the Lisbon suburban service;
- 6 Schindler carriages for the Douro line regional service and tourist services;
- 4 Inox Sorefame carriages for the Douro and Minho Line regional service and tourist services;
- 2 electric locomotives of the LE 2600/2620 series for the regional service on the Minho Line and for redundancy creation for the LE 5600;
- 2 LD 1400 Diesel electric locomotives for reinforcement of the service on the Douro Line and tourist services;
- 1 narrow gauge carriage (1629007) for service on historic trains;
- 1 LD 1550, Diesel electric locomotive, including the installation of Convel and RSC systems, for allocation to the Entroncamento rescue train;

- Rehabilitation of the Light Rail Tractor 1156 inside the Guifões Workshop Fleet.

After the acquisition, in the third quarter of 50 carriages from RENFE, asbestos was removed, and the rehabilitation began.

The CPA 4007 was recovered, following the accident that occurred at the end of April 2020.

Services provided to third parties include:

- Oporto Metro – maintenance of light rail vehicles EUROTRAM AND TRAMTAIN fleets, and conclusion of the general overhaul of the 960,000 kms of the EUROTRAM fleet vehicles;
- RENFE – maintenance of the 592 series diesel railcars, rented to CP, and R2 type intervention on this material;
- Infraestruturas de Portugal – maintenance of the rail material;
- ADP – maintenance of the Sentinel Light Rail Tractor and wagons.

Spare repairs were performed for SIMEF, MEDWAY and FERTAGUS.

Services provided to external customers represent 15.5 million euros of the number of invoices.

Investments

Around 21 million euros of investments were made in 2020. Of these, around 80% were spent on the modernisation of rolling stock and 10% on interventions on Fixed Premises.

Total Investment **Amounts in Euro**	**Paid-up Value**	**Weight**
Purchase of Rolling Stock	587 523 €	2,8%
Rolling Stock Modernisation (*)	16 660 424 €	79,6%
Own work capitalised	14 047 696 €	67,1%
Other Rolling Stock	2 612 728 €	12,5%
Fixed Facilities	2 172 069 €	10,4%
Equipments	820 032 €	3,9%
Commercial Equipments	52 016 €	0,2%
Computerisation	636 505 €	3,0%
TOTAL	**20 928 570**	**100,0%**

(*) Includes Own Work Capitalised

With the merger by incorporation of EMEF into CP, the rolling stock maintenance and repair activity was internalised. Therefore, the major rolling stock repair interventions, internally carried out, to improve the operability and safety or the modernisation/modification of the rolling stock , began to be capitalised as "Own Work Capitalised".

In the "Rolling stock acquisition" heading, are included the first advance payment for the acquisition of 50 carriages from RENFE and the expenses with the asbestos removal from such carriages.

There was no financial realisation, despite the conclusion of the acquisition contract for 22 railcars for the regional service since the contract awaits approval from the Court of Auditors.

Results

Introductory Notes

Applicable Regulation

The financial statements of CP – Comboios de Portugal, EPE, regarding December of 2020, were prepared in accordance with the Accounting Normalization System (SNC), in accordance with the exception regime to the application of the SNC-AP, set forth in paragraph 2 of article 350 of Law no. 75-B/2020.

CP - EMEF Merger

As at January 1st, 2020, the merger by incorporation of EMEF- Empresa de Equipamento Ferroviário, S.A. into CP occurred, as defined, in the Decree-Law no. 174/2019-B, published on December 26th, 2019. As such, CP has succeeded in all EMEF's rights and obligations – legal and contractual. Under these circumstances, the individual financial statements now presented include the activity previously developed by EMEF regarding the year 2020, even though that does not happen regarding the year 2019[3], used for comparison purposes.

[3] The 2019 financial statements, used as a comparative for the 2020 financial year, correspond to the statements disclosed and subject to certification with reference to the 2019 financial year, reflecting CP's shareholding in EMEF through the application of the equity method and its integration in CP's individual results.

Operating Account

Net Result

INCOME AND EXPENSES (amounts in thousands of euros)	Periods		Change 2020/2019	
	REAL 31-12-2020	REAL 31-12-2019	Amount	%
Provided sales and services	171 333	280 720	-109 387	-39%
Provided sales and services - Passenger	150 899	274 631	-123 732	-45%
Provided sales and services - Maintenance and repair	15 475	5	15 470	309400%
Provided sales and services - Other	4 959	6 084	-1 125	-18%
Operating subsidies	88 127	40 004	48 123	120%
Changes in production inventories	3 981	0	3 981	s/s
Own work capitalised	14 048	0	14 048	s/s
Other income	17 269	20 502	-3 233	-16%
	294 758	341 226	-46 468	-14%
Sold commodities and consumed material costs	-22 696	-6 288	-16 408	-261%
External services and supplies	-131 145	-175 203	44 058	25%
Personnel expenses (without severance payments and variable salary agreement)	-138 706	-107 725	-30 981	-29%
Other expenses	-6 332	-3 886	-2 446	-63%
	-298 879	-293 102	-5 777	-2%
Operating result from transport and maintenance activities* (EBITDA)	-4 121	48 124	-52 245	-109%
Expenses/reversals of depreciation and amortisation	-59 211	-52 958	-6 253	-12%
Impairment of depreciable/amortizable investments (losses/reversals)	548	814	-266	-33%
Severance payments	-139	-1 290	1 151	89%
Gains/losses on subsidiaries, associates and joint ventures	1 187	9 153	-7 966	-87%
Inventories impairment (losses/reversals)	-4 919	-123	-4 796	-3899%
Impairment of accounts receivable (losses/reversals)	-3 558	-629	-2 929	-466%
Provisions (increases/reversals)	-49	1 721	-1 770	-103%
Impairment of non-depreciable/amortizable investments (losses/reversals)	3 486	-465	3 951	850%
Exchange differences (increases/reversals)	-188	-1 411	1 223	87%
Other (non-core) income	2 539	1 711	828	48%
Other (non-core) expenses	-52	-236	184	78%
Operating Result	-64 477	4 411	-68 888	-1562%
Insurance and similar income obtained	12	526	-514	-98%
Insurance and similar expenses supported	-30 622	-55 774	25 152	45%
Net Financial Result	-30 610	-55 248	24 638	45%
Result before taxes	-95 087	-50 837	-44 250	-87%
Income tax for the period	-312	-741	429	58%
Net result of the Period	-95 399	-51 578	-43 821	-85%

The *Net* Income of 2020 declined 85% compared to the previous year (43.8 million euros), going from -51.6 million euros, in 2019, to -95.4 million euros in 2020.

This variation is mainly due to the downturn registered at the level of service provision regarding passenger transport, to the amount of 123.7 million euros, due to the COVID-19 pandemic situation, although partially compensated by the increase in the operating subsidies obtained worth 48.1 million euros, following the approval by the Court of Auditors of the Public Service Obligations Contract.

It is also worth mentioning the improvement in the Financial Result, in 24.6 million euros, due to the reduction in the company's interest-bearing liabilities.

As a result of the merger by incorporation of EMEF into CP and consequent integration of the rolling stock maintenance and repair activity, there was an increase in Employee Benefit Expenses (without termination of contract allowances) and of the expenses with sold merchandise and consumed materials and a reduction in supplies and external services and in gains imputed from subsidiaries, associated companies and joint ventures.

On the income side, due to the merger, there was an integration of the maintenance and repair service provision and a record of own work capitalised and change in the production inventory.

Concerning the change in staff expenses, besides the integration of EMEF workers into CP's board and the permanent staff change, there was an implementation of the Labour Company's Agreement signed with the Labour Unions.

The incorporation of CP's rolling stock preservation and maintenance, motivated by the merger with EMEF, and the adjustments done to provision services as a result of the COVID-19 pandemic situation, originated, among other impacts, the decrease of expenses with charges for the use of infrastructure, in 6.4 million euros, with electricity, in 4 million euros, with the CP-RENFE agreement, in 3.5 million euros and with the catering service on board of the trains, in 1.3 million euros, contributed for the decrease of supplies and external services.

FERNAVE

Executive Summary

Following the restructuring completed in 2019, the necessary conditions were in place for 2020 to be a sedimentation and expansion year of FERNAVE's activity.

However, and even though the first months have gone as planned, with the declaration of the first state of emergency in the country due to the pandemic, FERNAVE suspended its in-site activities (training sessions, psychological evaluation exams, meetings, and visits), having, until the end of the year, carried out most of its activities online.

The effect of the pandemic would eventually influence the profits negatively and, consequently, the company's results.

Activity in 2020

In the first three months of the year, more than one hundred and fifty training courses were held, in the various technical competence areas, in which approximately 1.600 trainees participated, counting more than five thousand training hours.

The training provided for CP focused, namely, on initial training, of a technical and behavioural nature, with a focus on driving, new equipment, commercial and driving regulations, as well as on accidents and emergency.

It also included actions for post-traumatic stress management, emotional intelligence, employee qualification and certification for traffic safety functions and development of productivity and well-being skills, namely teleworking, as well as teamwork.

Training courses were carried out for MEDWAY in the areas of safety, promotion and professional retraining and alcohol prevention and control.

In the middle of the third quarter, FERNAVE began the sixth edition of Initial Training Course for Train Drivers, involving around thirty trainees.

Around two hundred examinations were carried out regarding recruitment and psychological evaluation activities, namely for selection and periodic control.

The periodic control examinations for train drivers and selection examinations for train drivers have been maintained.

The selection of graduate technicians (resulting from internal tender) was also carried out during the second half of the year.

The support to Mystic Tua in the scope of the Tua Mobility System project continued, to obtain the rail operator license application and to create the safety management system, as rail operator and infrastructure manager.

The Professional Course for Transport Management Technicians continued in partnership with Cascais Municipal Council (CMC) and the IBN Mucana School Grouping (Cascais).

Lastly, to create the future Technological Centre for the Portuguese railway and train, FERNAVE participated in the profile review of Railway Maintenance and Operation Technician.

Human Resources

FERNAVE kept its team of 9 employees.

Profits

As mentioned above, FERNAVE's activity suffered a significant reduction in 2020, due to the pandemic, which had a reflexion in profits that registered a decrease of 23% compared to the previous year.

Revenues (Amount in euro)	2020	2019	Δ 20-19	Δ %
Training	987 446,00 €	1 252 317,00 €	-264 871,00 €	-21,2%
Psychology	53 013,00 €	97 974,00 €	-44 961,00 €	-45,9%
Consulting	14 403,00 €	17 412,00 €	-3 009,00 €	-17,3%
TOTAL	1 054 862,00 €	1 367 703,00 €	-312 841,00 €	-22,9%

Results

INCOME AND EXPENSES (Amounts in euros)	2020	2019	Change 2020/2019	
			Amount	%
Provided sales and services	1 054 862	1 367 702	-312 840	-22,9%
External services and supplies	-374 857	-510 487	135 630	26,6%
Personnel expenses	-366 291	-361 644	-4 647	-1,3%
Impairment of receivables (losses/reversals)	0	3 824	-3 824	-100,0%
Impairment of non-depreciable/non-amortisable investments (losses/reversals)	-42 904	4 140	-47 044	-1136,3%
Other income and gains	34 997	17 407	17 590	101,1%
Other expenses and losses	-31 154	-26 245	-4 909	-18,7%
Result before depreciations, financing expenses and taxes	**274 653**	**494 697**	**-220 044**	**-44,5%**
Expenses/reversals of depreciation and amortisation	-4 134	-1 010	-3 124	-3
Operating result (before financing expenses and taxes)	**270 519**	**493 687**	**-223 168**	**-45,2%**
Payable interest and similar expenses	-258	-94 943	94 685	99,7%
Result before taxes	**270 261**	**398 744**	**-128 483**	**-32,2%**
Income tax for the period	-26 017	-33 544	7 527	22,4%
Net result of the period	**244 244**	**365 200**	**-120 956**	**-33,1%**

FERNAVE closed the 2020 financial year with a Net Income of 244 thousand euros, which represented a decrease of 33% compared to the previous year.

This evolution is justified by the significant decrease of Provided Sales and Services resulting from the pandemic situation.

This impact would be minimised through a strong expense reduction in External Services and Supplies.

It is also worth mentioning the decrease in financial charges following the capital restructuring carried out in 2019.

ECOSAÚDE

Executive Summary

As a company dedicated to the health area, the year 2020 represented a major challenge due to the pandemic.

On the other hand, this scourge would turn into an opportunity for the recovery and stabilisation of ECOSAÚDE's operational balance and equity.

Activity in 2020

As happened with most companies, ECOSAÚDE's current activity in 2020 would eventually be affected by the pandemic, registering a decrease in various indicators, especially in the number of medical acts carried out.

Activity indicators (Units)	2020	2019	Change %
Occupational health (medical interventions)	10 172	11 666	-13%
Occupational safety (working conditions interventions)	1 592	1 609	-1%
Prevention and control of addictions (tests conducted in workplaces)	11 187	10 232	9%
Medical and nursing specialities	3 399	4 193	-19%
Accidents management (appointments and treatments of OAs)	597	647	-8%
Training - Amount of training hours	4 875	3 621	35%
Training - No. of training sessions	24	34	-29%
Training - No. of trainees	216	313	-31%

In this context, the procurement of exceptional services by CP, regarding the pandemic, was particularly relevant for the company's operational balance, namely the creation of a permanent medical line (available every weekday between 7 a.m. and 11 p.m.), worker's testing and the carrying out of urgent cleaning of workstations.

ECOSAÚDE also provided support and assistance in railway accidents, particularly in the mobilisation of resources to the major Soure accident.

The increase in CP's permanent staff, resulting from the merger with EMEF, originated a 9% increase in alcohol tests, targeting operational and workshop staff. This area of business also registered an increase among other customers.

ECOSAÚDE deepened its activity in the transports and ports sector this financial year.

Human Resources

At the end of the 2020 financial year, ECOSAÚDE had 25 employees, 1 less than the previous year.

Profits

ECOSAÚDE's profits originate from services provided to CP and the Group companies and to third parties, both corporate and private. The latter mainly address the medical specialties and healthcare services provided at the Lisbon clinic.

Around 47% of the invoicing comes from the CP Group, having registered an increase of around 33% compared to the previous year.

Except Curative Medicine (Medical and Nursing Specialties), where overturn decreased, all other business areas increased, especially Occupational Health (due to the exceptional services regarding the Pandemic).

Activity Segment (Amounts in €)	**2020**	**2019**	**Change**	
			Amount	%
Prevention and Control	107 943	104 459	3 484	3,3%
Occupational Health	1 480 809	1 008 459	472 350	46,8%
Hygiene and Safety in the Workplace	649 924	639 249	10 675	1,7%
Curative Medicine	280 790	330 260	-49 470	-15,0%
Accident Medicine	177 959	137 990	39 969	29,0%
Training	48 215	31 108	17 107	55,0%
TOTAL	2 745 640	2 251 525	494 115	21,9%

Results

ECOSAÚDE closed the 2020 financial year with a Net Income of 192 thousand euros, which represented an improvement of 210 thousand euros compared to 2019.

This improvement was powered by the turnover growth, as previously analysed.

The supplies and external services registered a 9.9% increase, resulting essentially from the increase in activity.

INCOME AND EXPENSES (Amounts in euro)	2020	2019	Change 2020/2019	
			Amount	%
Provided sales and services	2 745 640	2 251 525	494 115	21,9%
External services and supplies	-1 644 247	-1 496 252	-147 995	-9,9%
Personnel expenses	-724 215	-704 849	-19 366	-2,7%
Impairment of receivables (losses/reversals)	-67 001	-2 661	-64 340	-2417,9%
Other income and gains	1 807	4 128	-2 321	-56,2%
Other expenses and losses	-14 854	-22 633	7 779	34,4%
Result before depreciations, financing expenses and taxes	**297 130**	**29 258**	**267 872**	**915,6%**
Expenses/reversals of depreciation and amortisation	-33 540	-27 433	-6 107	-22,3%
Operating result (before financing expenses and taxes)	**263 590**	**1 825**	**261 765**	**14343,3%**
Payable interest and similar expenses	-13 535	-13 151	-384	-2,9%
Result before taxes	**250 055**	**-11 326**	**261 381**	**2307,8%**
Income tax for the financial year	-58 143	-6 932	-51 211	-738,8%
Net result of the period	**191 912**	**-18 258**	**210 170**	**1151,1%**

This result allowed the company's Equity to become positive, by 6 thousand euros.

SAROS

Executive Summary

The 2020 activity was marked by the COVID-19 pandemic effect which caused a reduction of 4,3% in the value of services provided.

The results registered a decrease compared to the previous year, despite of there being a reduction in the same proportion in most of the expenditure items.

Activity in 2020

In 2020, the company continued to focus its activity on the following principles:

- Aid to companies of the CP group in contracting new insurance, in particular with regard to the preparation and technical revision of tender documents (tender specifications and programmes), providing all necessary clarifications;
- Provision of permanent technical support to clarify issues that arise in day-to-day life;
- Support in the execution and management of all the insurance contracts of which Saros is mediator. It is worth mentioning that the Saros intervention was not only the celebration of insurance contracts but also the assistance provision throughout the validity period of the said contracts;
- Support in risk analysis and search for solutions that best meet the needs of the companies.

Human Resources

The company's activity was carried out only by Management Team. Management Team is composed of two Managers, wherefore it is legally required that one of the Managers is qualified as an insurance intermediary.

Profits

In 2020, the Sales and Services Provided by SAROS amounted to 465 thousand euros, representing a 4% increase compared to 2019.

Branches (Amounts in thousands of euro)	2020	2019	Change	
			Amount	%
Occupational Accidents	232,42 €	234,12 €	-1,71 €	-0,7%
Health	166,93 €	158,37 €	8,55 €	5,4%
Civil Liability	42,20 €	67,13 €	-24,93 €	-37,1%
Multi-Risk Companies	16,92 €	20,23 €	-3,32 €	-16,4%
Other	6,29 €	5,64 €	0,65 €	11,5%
TOTAL	464,74 €	485,493	-20,75 €	-4,3%

The Health, Occupational Accidents and Civil Liability Branches represented the largest share of earned commissions, at 95% as a whole.

Results

Despite the reduction of most expenditure items, the decrease in profits previously analysed, implied a 4% reduction in the Net Result, at 389 thousand euros.

INCOME AND EXPENSES (amounts in euro)	2020	2019	Change 2020/2019	
			Amount	%
Provided sales and services	464 744	485 493	-20 749	-4,3%
External services and supplies	-9 764	-11 061	1 297	11,7%
Personnel expenses	-54 352	-51 461	-2 891	-5,6%
Other income	86 368	85 942	426	0,5%
Other expenses	-9 951	-10 353	402	3,9%
Results before depreciations, financing expenses and taxes	477 045	498 560	-21 515	-4,3%
Expenses/reversals of depreciations and amortisation	-433	-965	532	55,1%
Operating result (before financing expenses and taxes)	**476 612**	**497 595**	**-20 983**	**-4,2%**
Interest and similar income gained	0	0	0	-
Result before taxes	**476 612**	**497 595**	**-20 983**	**-4,2%**
Income tax for the financial year	-87 724	-92 538	4 814	5,2%
Net result of the period	**388 888**	**405 057**	**-16 169**	**-4,0%**

SIMEF, A.C.E.

Executive Summary

As at January 1st, 2020, following the merger of the two companies, CP integrated the Grouping by replacing EMEF, which originated the amendment of designation from EMEF/SIEMENS, ACE to SIMEF, ACE.

This amendment had no impact in the fulfilment of the obligations undertaken towards customers, being SIMEF still bound to the same quality patterns, speed and reliability that characterise it and that are recognised by its Customers.

Activity in 2020

The 2020 year was strongly marked by the COVID-19 pandemic context, forcing the Company to a constant adaptation to a new reality.

This scenario imposed the definition and adaptation of proceedings, flows and work methods, in accordance with the legal and technical dispositions issued by the National and European Health Authorities, with the main purpose of minimising the main risks resulting from the pandemic, particularly the risk of disease transmission.

Given this context, top management focused, firstly, on the implementation of a COVID-19 Contingency Plan, with the necessary measures to ensure the health and safety of all SIMEF professionals, guaranteeing at the same time the efficacy and flexibility of the operational activity to answer the customers' needs.

As a result of the contingency measures implemented and the commitment of the whole team, for the second year running, Medway's customer awarded the maximum mark for overall satisfaction in the Satisfaction Survey carried out.

From an operational standpoint, of the activities carried out in 2020, the start of work on the R2 interventions in the LE4700 series stands out, which, besides allowing to leverage the technical skills, is also of great importance from a business standpoint, with a greater emphasis over the next 4 years.

In the scope of Innovation and Development, the investment in digitalization, in all the Organisation's departments, deserves special reference. This allowed to answer the challenges posed by remote work implemented in certain functions and allowed a significant improvement in the efficiency in the management of various processes.

It is also worth mentioning the continuity of the RCM (Reliability Centred Maintenance) methodology implementation project integrated with the installation of the Tele maintenance system in all the LE4700 and LE5600 locomotive fleets. It is a technological tool of major relevance in the daily monitoring of the unit's operational performance, allowing it to foresee the decision making based on the knowledge of the equipment's condition.

In terms of Quality, Safety and Environment, the implementation of the Safety in Maintenance Management System continued, under the requirements defined in Commission Regulation (EU) no.

445/2011, of May 10th, 2011, with the amendments introduced by the Commission Implementing Regulation (EU) 2019/779 of May 16th, 2019.

The certification of the Safety and Health Management System under NP EN ISO 45001:2018 – Work Safety and Health Management Systems was maintained and the certification of the Quality Management System under NP EN ISO 9001:2015 – Quality Management Systems was renewed.

In the environmental domain, the identification, monitoring, treatment, and communication of the main environmental aspects resulting from SIMEF activities continued.

Human Resources

SIMEF reinforced its team in four employees, having now a permanent staff of 64 workers.

In the scope of Human Resources Management and having the pandemic situation into account, preventive measures were implemented, namely the operational team's mismatch and teleworking, for the applicable functions.

Regarding the training policy, with the purpose of improving employees' abilities, skills, and qualifications, 2.511 training hours were ministered, which corresponds to around 40 hours of training per employee.

The absenteeism rate was 3.73% below the 4% established purpose.

Profits

The turnover presented an 11% increase, justified by the performance of additional services.

Segment of Activity (Amounts in €)	**2020**	**2019**	**Δ 20-19**	**Δ %**
Maintenance of LE5600 and LE4700 Locomotives	11 702 136,45 €	10 577 523,56 €	1 124 612,89 €	10,6%
TOTAL	**11 702 136,45 €**	**10 577 523,56 €**	**1 124 612,89 €**	**10,6%**

Per customer, CP and Medway absorbed almost all the services provided by the company.

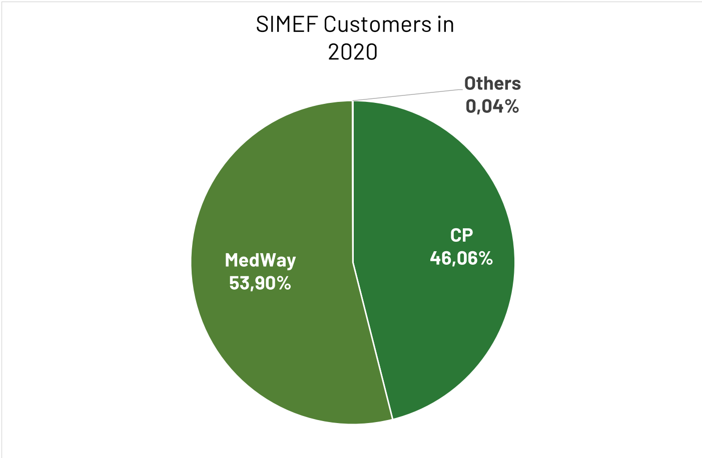


Chart 2 - Distribution of SIMEF Customers in 2020.

Results

INCOME AND EXPENSES (Amounts in euro)	2020	2019	Change 2020/2019	
			Amount	%
Provided sales and services	11 702 136	10 577 524	1 124 613	10,6%
Sold commodities and consumed materials costs	-2 084 399	-1 264 093	-820 305	-64,9%
External services and supplies	-6 652 458	-6 535 881	-116 577	-1,8%
Personnel expenses	-1 921 953	-1 879 174	-42 780	-2,3%
Provisions (increases/decreases)	-92 141	3 300	-95 441	2892,2%
Other expenses	-9 793	-4 167	-5 626	-135,0%
Result before depreciations, financing expenses and taxes)	**941 393**	**897 509**	**43 884**	**4,9%**
Expenses/reversals of depreciations and amortisation	-118 837	-138 460	19 623	0
Operating result (before financing expenses and taxes)	**822 556**	**759 049**	**63 507**	**8,4%**
Interest and similar income gained	786	1 295	-508	-39,3%
Result before taxes	**823 342**	**760 343**	**62 999**	**8,3%**
Income tax for the financial year	0	0	0	0,0%
Net result of the period	**823 342**	**760 343**	**62 999**	**8,3%**

The pandemic situation the country faces had no financial impact on SIMEF, had there not been any changes, both on the invoicing standpoint and on the operational/ work execution standpoint.

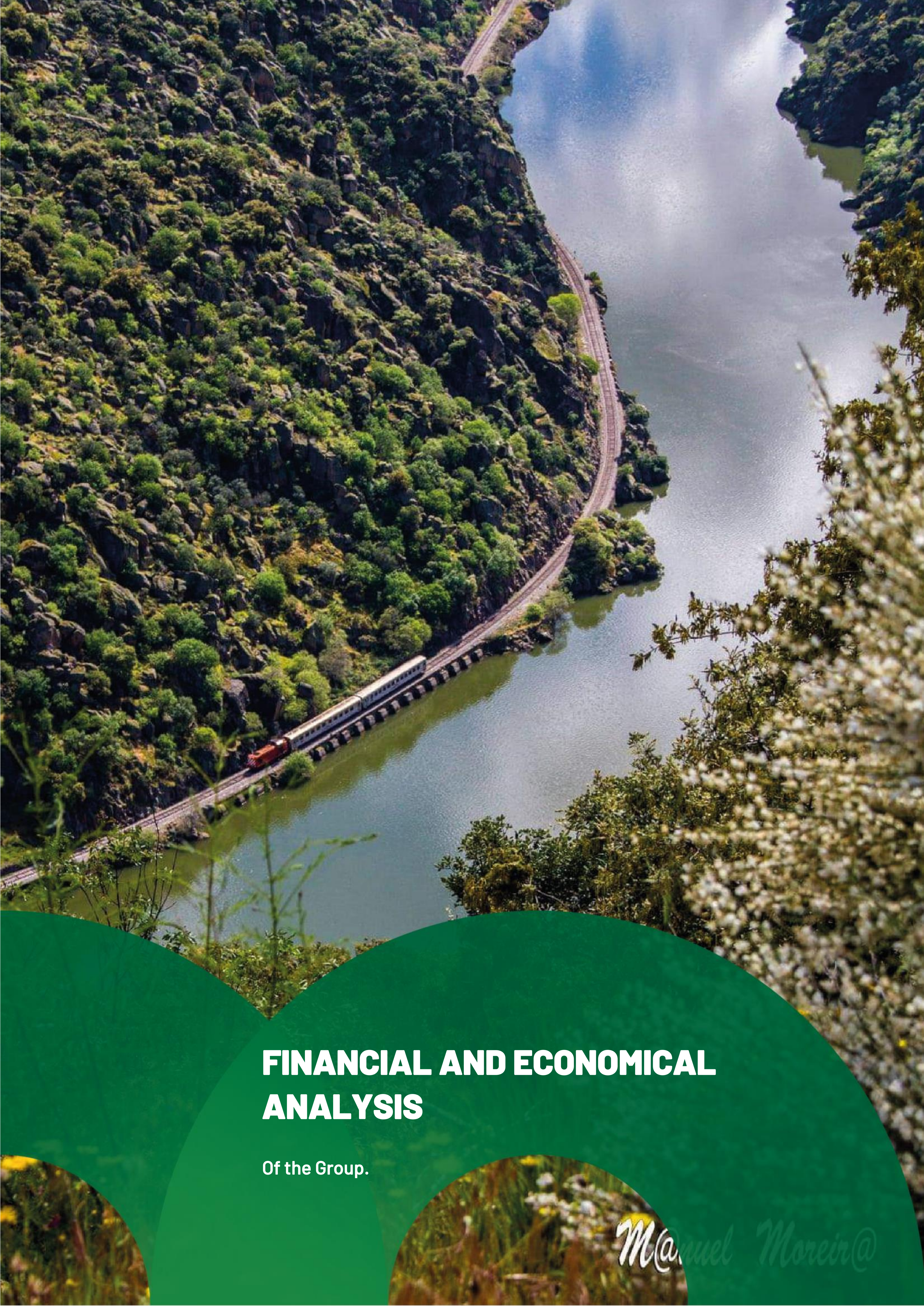
It is worth mentioning the invoicing of additional services, which contributed for the increase in the Net Income.

The Net Income in the financial year of 2020 increased, thus, to 823 thousand euros, 8.3% more than registered in 2019.

2020 Consolidated Report and Accounts

FINANCIAL AND ECONOMICAL ANALYSIS

05



FINANCIAL AND ECONOMICAL ANALYSIS

Of the Group.

Results

Net Result of the Group

Income and expenses (amounts in thousands of euros)	Periods		Change 2020/2019	
	REAL 12-31-2020	REAL 12-31-2019	Amount	%
Provided sales and services	173 700	304 384	-130 684	-43%
Provided sales and services - Passengers	150 899	273 850	-122 951	-45%
Provided sales and services - Maintenance and Repair	15 475	21 623	-6 148	-28%
Provided sales and services - Others	7 326	8 911	-1 585	-18%
Operating subsidies	88 127	40 008	48 119	120%
Change in production inventories	3 981	-104	4 085	3928%
Own work capitalised	14 048	11 264	2 784	25%
Other income	15 476	18 504	-3 028	-16%
	295 332	374 056	-78 724	-21%
Sold commodities and consumed materials costs	-22 696	-26 426	3 730	14%
External services and supplies	-131 036	-148 318	17 282	12%
Personnel expenses	-138 285	-135 572	-2 713	-2%
Other expenses	-6 365	-4 914	-1 451	-30%
	-298 382	-315 230	16 848	5%
Operating result of *core* activities* (EBITDA)	**-3 050**	**58 826**	**-61 876**	**-105%**
Depreciation and amortisation expenses/reversals	-60 935	-55 610	-5 325	-10%
Impairment of depreciable/amortisable investments (losses/reversals)	548	814	-266	-33%
Compensations for the termination of employment	-140	-1 290	1 150	89%
Gains/losses attributed to subsidiaries, associated companies and joint ventures	550	1 592	-1 042	-65%
Inventory impairment (losses/reversals)	-4 919	4 201	-9 120	-217%
Impairment of receivables (losses/reversals)	-3 625	-1 096	-2 529	-231%
Provisions (increases/decreases)	-235	-2 527	2 292	91%
Impairment of non-depreciable/amortisable investments (losses/reversals)	3 443	-461	3 904	847%
Exchange rates (increases/decreases)	-188	-1 411	1 223	87%
Other income (non-core)	4 183	1 711	2 472	144%
Other expenses (non-core)	-53	-236	183	78%
Operating result	**-64 421**	**4 513**	**-68 934**	**-1527%**
Interest and similar income gained	6	192	-186	-97%
Payable interest and similar expenses	-30 906	-56 104	25 198	45%
Financial result	**-30 900**	**-55 912**	**25 012**	**45%**
Result before taxes	**-95 321**	**-51 399**	**-43 922**	**-85%**
Income tax for the period	-335	-1 103	768	70%
Net result of the period	**-95 656**	**-52 502**	**-43 154**	**-82%**

*Before compensations for termination of employment, fair value, impairments, provisions, depreciations, financing expenses and taxes and other operations not related to the Group's *core* ativities.

The *Net Income of the CP Group* showed a worsening of 82% compared to the previous year (43.2 million euros), going from -52.2 million euros, in 2019, to -95.7 million euros in 2020.

This change is primarily due to the registered loss regarding *provided services*, amounting 130.7 million euros, as a result of the COVID-19 pandemic, even if partially compensated by the increase in *operating subsidies obtained*, in 48.1 million euros, and the decrease in *external services and supplies*, in 17.3 million euros. The improvement of the *financial result*, in 25 million euros, should also be noted.

Operating Result of the *Core* Activities (EBITDA)

The *recurrent EBITDA of the Group activities* was, in 2020, of -3.1 million euros, around 61.9 million euros inferior compared to the previous year. This decrease was essentially due to the following changes:

- A 130.7 million euros decrease in *service provision*, mainly due to passenger services, which fell by 123 million euros, as a result of the pandemic situation generated by the COVID-19 virus. The *maintenance and repair service provision* fell by 6.1 million euros, due not only to the impact of the pandemic, but also to a lower number of repair interventions carried out for external clients;
- 3 million euros reduction in *other income*, mainly due to the fall in income from the sale of cards for travel passes and subscriptions, from the cession of energy, and from concessions;
- Increase in *Employee benefit expenses (excluding contract termination allowances)*, in the amount of 2.7 million euros, due to the variation in the permanent staff and the implementation of the new Labour Company Agreements;
- Increase in *other expenses*, by 1.5 million euros, with emphasis on those resulting from adjustments to the invoicing of transport of IP workers (due to the signing of a new agreement between CP and IP), compensation for material damages related with an accident which occurred in Spain, and penalties of agreement for the provision of maintenance and repair services to third parties;
- Increase in *operating subsidies obtained*, to the amount of 48.1 million euros, following the granting of approval by the Court of Auditors of the public service obligations agreement signed between the State and CP and receipt of the respective financial compensation;
- 17.3 million reduction in *external services and supplies*, mainly due to the decrease in charges for infrastructure fees, by 6.4 million euros, electricity, by 4 million euros, the CP / RENFE agreement, by 3.5 million euros, and the catering service on board trains, by 1.3 million euros, as a result of adjustments in the services provided due to the COVID-19 pandemic;
- Positive variation in *production inventories*, amounting to 4 million euros;
- Reduction in the *sold commodities and consumed materials cost* by 3.7 million euros, directly related to the type of rolling stock repair work carried out;
- Increase in *own work capitalised*, amounting to 2.8 million euros, resulting from Overhaul (R-type) interventions in rolling stock.

Operating Income

The *Operating Income of the CP Group*, in 2020, was -64.4 million euros, which represented a worsening of 68.9 million euros compared with the previous year. This evolution was essentially due to, apart from the aforementioned motives for the recurring EBITDA, the following facts:

- Increase in *inventory impairments*, by 9.1 million euros, as a result of the adjustment of the respective recognition criteria;
- Increase in *depreciation and amortisation expenses*, by 5.3 million euros, due to the reclassification of some rolling stock from *non-current assets held for sale* to *fixed tangible assets*, following its reallocation to commercial activity, with the consequent recognition of depreciation for the time elapsed since its classification in *non-current assets held for sale*.

This effect was partially offset by the reversal of *the impairment of non-depreciable / amortisable investments* recorded in the financial year;

- Increase in *impairment of receivables*, by 2.5 million euros, due to adjustments considered relevant in terms of the age of the debts and the expectation of receiving them;
- Reduction in *impairments of non-depreciable / amortisable investments*, by about 3.9 million euros, due to the aforementioned reclassification of rolling stock from *non-current assets held for sale* to *fixed tangible assets*;
- Favourable variation in the heading *provisions*, by 2.3 million euros. In 2020, there was only an adjustment to the provisions set up for the purpose of covering liabilities for ongoing legal proceedings and work accident pensions (according to an actuarial study carried out by an external entity);
- Decrease in *exchange rate differences* by 1.2 million euros, essentially due to the participation subscribed but not paid in, in Swiss francs, in Eurofima;
- Decrease in *contract termination allowance expenses* by 1.2 million euros.

Financial Result

The *Financial Result of the Group*, in 2020, was -30.9 million euros, with an improvement of about 25 million euros (+45%) compared to 2019.

The reduction in the Group's interest-bearing liabilities contributed mainly to such evolution.

Balance Sheet

HEADINGS (values in thousands of euro)	PERIODS		Change 2020/2019	
	31-12-2020	31-12-2019	Amount	%
ASSET				
Non-Current Asset	451 810	482 345	-30 535	-6%
Current Asset	93 505	113 583	-20 078	-18%
Total Asset	**545 315**	**595 928**	**-50 613**	**-8%**
EQUITY AND LIABILITY				
Equity including:	-1 871 964	-1 776 514	-95 450	-5%
Net result of the period	-95 656	-52 502	-43 155	-82%
Total Equity	**-1 871 964**	**-1 776 514**	**-95 450**	**-5%**
LIABILITY				
Non-Current Liability	405 960	812 687	-406 727	-50%
Current Liability	2 011 318	1 559 754	451 564	29%
Total Liability	**2 417 279**	**2 372 442**	**44 837**	**2%**
Total Equity + Liability	**545 315**	**595 928**	**-50 613**	**-8%**

Assets

In 2020, the *Assets* of the CP Group have decreased in about 50.6 million euros, whereby the following impacts are the most significant:

- Decrease in *fixed tangible assets*, by 28.7 million euros, mainly since the depreciations were not offset by the undertaking of investments;
- Reduction of *Rights of Use Assets* (IFRS 16), amounting to 1.4 million euros, relating to leasing agreements that meet the requirements established in the standard, as a result of depreciation in accordance with the estimated useful life;
- A 2.5 million increase in *inventories* to meet planned interventions;
- Decrease in the balance of *customers and other receivables*, amounting to 12.6 million euros. It should be noted that several diligences continued to be made with the different entities to ensure the receipt of the amounts owed;
- Decrease in the balance of the *State and other public entities*, by 1.6 million euros, due to the reduction in VAT to be recovered and reimbursements requested, as a result of the decrease in invoicing received from suppliers;
- Decrease in *non-current assets held for sale*, by 1.7 million euros, due to the reclassification of rolling stock from *non-current assets held for sale* to *fixed tangible assets*, following its reallocation to commercial activity;
- Reduction in the balance of *cash and cash equivalents*, by 6.3 million euros.

Equity

In 2020, no capital increase or capital redistribution operations were carried out.

The changes recorded in the Group's equity resulted from:

- transfer of the 2019 Consolidated Net Result, to results brought forward;
- 2020 *Consolidated Net Income*;

Liability

The *Liability of the CP Group* registered, in 2020, an increase of 44,8 million euros, whereas the following impacts are the most significant:

- Increase in the *Loans Obtained* of around 65 million euros, as a result of contracting a loan from the DGTF, of 73,1 million euros, with the purpose of mitigating the effects of the drop in revenue caused by the COVID-19 pandemic and the partial repayment of the EIB loan, of 8,1 million euros;
- Decrease in the balance of *suppliers and other accounts payable*, by 6,1 million euros;
- Decrease in *lease liabilities* (IFRS 16), by 1,5 million euros, equivalent to the charges that were charged to *Results* on the basis of the depreciation of the right to use the leased asset and by the implicit interest expenses over the lease agreement;
- Decrease in the balance of the *State and other public entities*, by 2,1 million euros, due to a decrease in the amount of income tax payable by the group (autonomous taxation) and the decrease in the amount of VAT payable at the end of the financial year;
- Decrease in Deferrals, by 10,6 million euros, resulting from the recognition of investment subsidies received, as income for the financial year, on a systematic and rational basis over the useful life of the asset, of the investment subsidies received.

Remunerated Debt

The amount of the financial debt at the end of 2020 was of around 2,132 million euros, with the following particulars by financing sources:

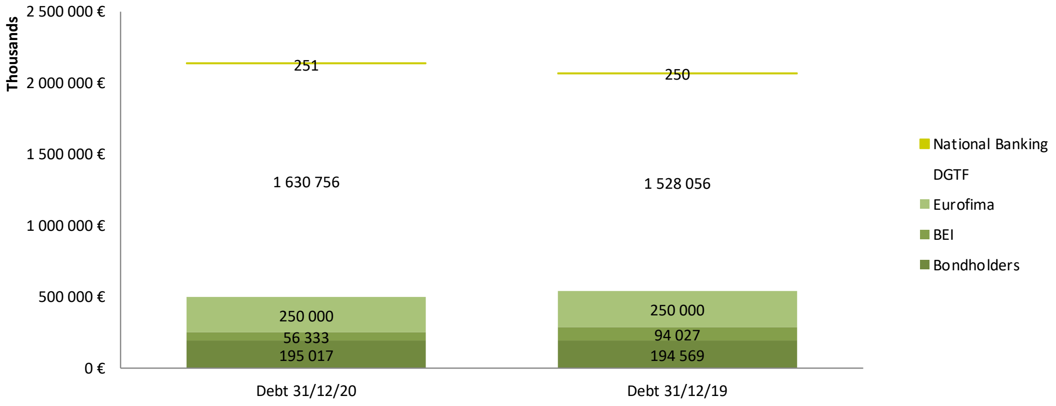


Chart 2 – Group Financing Sources.

The value of the financial debt recorded an increase of approximately 65 million euros, compared to the end of 2019, as a result, in particular, of the repayment of the EIB loan, in the amount of 8,1 million euros and the contracting of a DGTF loan, in the amount of 73,1 million euros, to mitigate the drop in revenue due to the impact of the pandemic.

A new DGTF loan of EUR 29,6 million was also contracted, replacing an EIB loan maturing in 2020.

Short-term debt represents about 82% of the total debt. This situation results mainly of the successive extension of the maturity of State loans.

State Treasury Unit Principle

The CP Group has undertaken all efforts needed for complying with the State Treasury Unit Principle, concentrating the maximum number of services in IGCP.

However, as a result of the specificities of the Group's activity, it has been necessary to maintain the movement of some bank accounts in the National Commercial Bank, since some services needed for its functioning could not be provided by IGCP.

In this context, in compliance with the legal provisions established, regarding the State Treasury Unit Principle, to which public companies are subject, the companies in the CP Group have requested exemption from it for some services; such exemption has been specifically granted for amounts subject to collection, carrying and counting of values, for receiving sales made through web channels, bank loans, bank guarantees that cannot be replaced by secured deposits and the custody of securities of affiliated companies, among others.

Therefore, the CP Group is deemed to be complying with the legislation applying in this area.

PERSPECTIVES FOR 2021

06

2020 Consolidated Report and Accounts

PERSPECTIVES FOR 2021

The Future we foresee for the Group

CP

In compliance with the provisions of the Resolution of the Council of Ministers No. 110/2019, of June 27th, with a view to recovering the service levels of rail transport in the short term, in accordance with the provisions of CP's strategic plan and bearing in mind the economic shock resulting from the COVID-19 pandemic, it is foreseen for 2021:

- Passenger transport - demand will gradually recover as mobility constraints are reduced and the economy recovers. However, demand is still expected to remain significantly lower than in the years preceding the pandemic;
- Income from maintenance services provided to third parties – a decrease is expected, since a cycle of overhaul interventions to the Oporto Metro customer fleet is concluded;
- Human resources – it is anticipated that, in accordance with RCM No. 110/2019, the necessary recruitments will be made to ensure the transport operation and maintenance work of the rolling stock;
- Acquisition of rolling stock - the plan is to begin the process of acquiring railcars for the urban and regional services and electric railcars for the long-distance commercial segment;
- Maintenance and repair of rolling stock – to respond to the need to improve frequency, reliability, and punctuality, the company opted to rehabilitate fixed material and to acquire used carriages from RENFE, which began rehabilitation work in 2020 and will enter into service in 2021;
- Gradual release of the 592 series diesel-powered railcars – taking advantage of the return to service and modernisation of equipment, as well as the infrastructure electrification work planned by IP, will make it possible to reduce the costs associated with leasing them to RENFE;
- Continuation of the commercial equipment replacement process, attending to the problems of operational obsolescence.

In financial terms, with the activity already duly framed by the Public Service Obligations Agreement signed with the State, the future sustainability of the company presupposes the financial settlement of the historical debt. In this context, it is expected that this operation will be carried out during the year 2021.

FERNAVE

As a result of the European Union recovery plan, major investments are expected in the coming years in the area of railways and infrastructures, which will boost the employment market in the transport sector and its surroundings and, consequently, the need to qualify and certify its professionals.

Given these forecasts, it is to be expected that there will be a need for services, namely in the areas of training, recruitment, and psychological assessment, which are held by FERNAVE.

Thus, maintaining an operating model based on variable costs, the objectives for the next financial year are:

- Maintenance of the type of services provided by the company, maintaining and/or increasing the level of activity;
- To be an active partner that contributes value in its business area and to the transport sector, namely by making available its know-how;
- Keep the company endowed with knowledge (internal and external), resources, and skills to ensure a quality service;
- Improve working conditions, including the enhancement of remuneration status;
- Improve work processes and investing in skills development of its staff.
- Invest in new areas of knowledge, namely by strengthening:
  - the training aspect of rolling stock maintenance, accompanying the qualification and certification needs of its shareholder,
  - the availability of new courses available, broadening the range of action (covering new, more transversal skills);
- Develop and promote training actions using supports and formats, where the digital is incorporated and is an added value in learning;
- Invest in the area of staff selection and psychological evaluation, by updating equipment and software;
- Strengthen the commercial focus and the notoriety of the company, in order to be the first choice of customers;
- Continue the process of technological modernisation, providing the company with the pedagogical resources and technological means, essential to its activity.

FERNAVE thus hopes to improve the company's operational performance, guaranteeing the quality of services and maintaining operational balance.

ECOSAÚDE

The pandemic allowed the company to significantly increase the level of activity, invoicing and profitability, however, this effect is neither structural nor sustainable in the medium and long term.

It is therefore fundamental that ECOSAÚDE continues to gain critical mass in sectors of activity other than the transport sector, while still maintaining a highly qualified level of service and the Company's position as a leader in this high-value market segment.

In parallel, the company will seek to maintain a stable and balanced cost structure, in order to ensure its financial autonomy, the return on the shareholder's investment and the reinforcement of its Equity.

SAROS

For 2021 no changes are foreseen with regard to the company's activity and its strategic positioning as captive mediator of the insurance policies of the CP Group companies.

The global objective defined for 2021 will be to continue to make the most of the potential that SAROS can offer the CP Group, maintaining an optimised cost structure and maximising the results obtained.

SIMEF

The year 2021 comes in a particularly difficult context, namely due to the pandemic situation.

SIMEF intends to maintain its focus on client and worker satisfaction, on meeting the agreed levels of service and on consolidating the corporate culture of accident reduction.

At the operational level, 2021 will be characterised by much more intense operational activity in terms of heavy maintenance, due to the continuity of the R2-type interventions on the LE4700 series, which began in 2020, to which must be added the major R-type interventions to be carried out on the Customer CP's LE5600 series.

With regard to light maintenance, it will be in line with that carried out in 2020, since no significant variation in the use of the fleets is expected.

In 2021 the activities related to the Innovation and Development of the Grouping will continue, namely and among others through the continuity of the Digitalisation project that is currently underway, thus allowing an increase in the efficiency of the processes and quality of the maintenance service provided.

Also, in the area of Personnel, the Digital Transition began in 2020, enabling a significant improvement in efficiency in the management of the various processes.

In the Development component and with particular regard to the implementation of the Safety Management System of Maintenance in progress, in accordance with EU Regulation 2019/779, continuity will be given to the transversal adaptation of various procedures of the Management System.

RECOMMENDATIONS FROM THE SHAREHOLDER

07

RECOMMENDATIONS FROM THE SHAREHOLDER

Recommendations from the Shareholder Issued when the 2019 Accounts were Approved

The Accounts of 2016, 2017, 2018 and 2019 are pending approval from the responsible Ministry.

RELEVANT FACTS AFTER THE END OF THE FINANCIAL YEAR

08

- At this date, it is not yet possible to quantify all the additional impacts that the pandemic caused by the COVID-19 virus may cause to the CP Group, due to the unpredictable evolution of this situation. It should be noted, however, that the strong fall in the use of rail transport in the 1st quarter of the year continued, with a direct impact on the Group's revenues.

- We are not aware of any situation that, as a result of the pandemic scenario, should be reflected in the financial statements as of December 31st, 2020, not putting into question the assumption of continuity of operations.

- Decree-Law no. 121/2019, of August 22nd, establishes in its article 12, the dissolution and liquidation of OTLIS - Operadores de Transportes da Região de Lisboa, A. C. E., with the constitution of the companies foreseen in the mentioned decree-law and respective commercial register. On December 23rd, 2020, the Court of Auditors issued a favourable prior approval for the constitution of TML - Transportes Metropolitanos de Lisboa, E.M.T., S.A., and Área Metropolitana de Lisboa (AML) signed the public deed of constitution of TML which took effect on February 17th, 2021 (date of transfer). Therefore, in accordance with article 12 of the above-mentioned Decree-Law, the global transfer of OTLIS' assets to TML took place on the transfer date.

Lisbon, June 15th, 2021

The Board of Directors

President: Nuno Pinho da Cruz Leite de Freitas

Vice-president: Pedro Miguel Sousa Pereira Guedes Moreira

Voting Member: Ana Maria dos Santos Malhó

Voting Member: Maria Isabel de Magalhães Ribeiro

Voting Member: Pedro Manuel Franco Ribeiro

2020 Consolidated Report and Accounts

FINANCIAL STATEMENTS

Statement of Consolidated Financial Position on December 31st, 2020 (amounts in euros)

HEADINGS	NOTES	PERIODS	
		31-dez-20	31-dez-19
ASSET			
Non-current Asset			
Fixed Tangible Assets	6	409 137 096	437 881 515
Intangible Assets	7	141 573	224 044
Rights of Use Assets (IFRS 16)	8	11 211 735	12 642 325
Financial Holdings - Equity Method	9	3 190 703	3 479 232
Other Financial Investments	10	28 128 745	28 117 549
		451 809 852	**482 344 665**
Current Asset			
Inventories	12	36 631 813	34 136 869
Customers	13	4 315 929	12 818 431
State and Other Public Entities	14	7 547 026	9 174 533
Other Credits Receivable	15	7 056 440	11 104 702
Deferrals	16	1 114 752	1 448 315
Non-current Assets held for sale	17	2 702 526	4 445 005
Cash and Cash Equivalents	4	34 136 296	40 454 689
		93 504 782	**113 582 544**
Total of assets		**545 314 634**	**595 927 209**
EQUITY AND LIABILITY			
Equity			
Subscribed Capital	18	3 959 489 351	3 959 489 351
Legal Reserves	19	24 703	24 703
Other Reserves	20	1 306 650	1 306 650
Results brought forward	21	(5 828 618 157)	(5 776 323 289)
Adjustments/other changes in equity	22	91 490 008	91 490 008
Net result of the period		(95 656 465)	(52 501 954)
Total of equity		**(1 871 963 910)**	**(1 776 514 531)**
Liability			
Non-current Liability			
Provisions	23	15 646 965	16 068 245
Loans Obtained	24	380 550 150	785 416 398
Lease Liabilities (IFRS 16)	8	9 763 374	11 202 675
		405 960 489	**812 687 318**
Current Liability			
Suppliers	26	7 440 574	10 358 441
Customer advances	27	374 000	374 000
State and Other Public Entities	14	488 091	2 576 024
Loans Obtained	24	1 751 806 817	1 281 484 985
Lease Liabilities (IFRS 16)	8	1 560 332	1 571 557
Other debts payable	25	155 867 489	159 017 606
Deferrals	16	93 780 752	104 371 809
		2 011 318 055	**1 559 754 422**
Total of liability		**2 417 278 544**	**2 372 441 740**
Total of equity and liability		**545 314 634**	**595 927 209**

To be read with the notes to the financial statements.

Certified Accountant - Dr. Ana Coelho

President - Eng. Nuno Pinho da Cruz de Freitas

Vice-President- Eng. Pedro Miguel Sousa Pereira Guedes Moreira

Director - Dr. Ana Maria dos Santos Malhó

Director - Dr. Maria Isabel de Magalhães Ribeiro

Director - Eng. Pedro Manuel Franco Ribeiro

Consolidated statement of results and other comprehensive income

Period ended on December 31st, 2020 (aumonts in euros)

INCOME AND EXPENSES	NOTES	PERIODS 2020	PERIODS 2019
Provided sales and services	28	173 700 483	304 383 282
Operating subsidies	29	88 127 384	40 008 015
Gains/losses attributed to subsidiaries, associated companies and joint ventures	30	548 170	1 591 428
Changes in production inventories	31	3 980 568	(103 741)
Own work capitalised	32	14 047 696	11 263 629
Sold commodities and consumed material costs	33	(22 695 541)	(26 425 843)
External services and supplies	34	(131 035 790)	(148 318 210)
Personnel expenses	35	(138 424 966)	(136 861 597)
Inventory impairment (losses/reversals)	12	(4 919 449)	4 201 490
Impairment of receivables (losses/reversals)	13,15	(3 624 691)	(1 095 590)
Provisions (increases/decreases)	23	(235 158)	(2 526 524)
Impairment of non-depreacible and non-amortisable investments (losses/reversals)	36	3 443 087	(461 249)
Other income	37	21 315 481	22 060 954
Other expenses	38	(8 261 922)	(8 405 596)
Result before depreciations, financing expenses and taxes		**(4 034 648)**	**59 310 448**
Expenses/reversals of depreciation and amortisation	39	(60 935 101)	(55 610 009)
Impairment of depreciable and amortisable investments (losses/reversals)	40	548 477	814 416
Operating result (before financing expenses and taxes)		**(64 421 272)**	**4 514 855**
Interest and similar income gained	41	6 216	192 287
Payable interest and similar expenses	42	(30 906 166)	(56 106 580)
Result before taxes		**(95 321 222)**	**(51 399 438)**
Income tax of the period	11	(335 243)	(1 102 516)
Comprehensive net result of the period		**(95 656 465)**	**(52 501 954)**

To be read with the notes for the financial statements.

Certified Accountant - Dr. Ana Coelho

President - Eng. Nuno Pinho da Cruz de Freitas

Vice-President- Eng. Pedro Miguel Sousa Pereira Guedes Moreira

Director - Dr. Ana Maria dos Santos Malhó

Director - Dr. Maria Isabel de Magalhães Ribeiro

Director - Eng. Pedro Manuel Franco Ribeiro

Consolidated statement of changes in equity during 2020

(amounts in euros)

DESCRIPTION		NOTES	Equity granted to capital owners of the parent company: Subscribed Capital	Legal Reserves	Other Reserves	Results brought forward	Revaluation Surplus	Adjustments/ Other Changes in Equity	Net result of the period	Total	Non-controlling Interests	Total Equity
Position at the beginning of the 2020 period	1	18 a 21	3 959 489 351	24 703	1 306 650	(5 776 323 289)	-	91 490 008	(52 501 954)	(1 776 514 531)		(1 776 514 531)
Changes in the period			-	-	-	-	-	-	-	-		-
First implementation of new accounting framework			-	-	-	-	-	-	-	-		-
Changes in accounting policies		5	-	-	-	-	-	-	-	-		-
Translation differences of financial statements			-	-	-	-	-	-	-	-		-
Realisation of revaluation surplus			-	-	-	-	-	-	-	-		-
Revaluation surplus			-	-	-	-	-	-	-	-		-
Adjustments by deferred taxes			-	-	-	-	-	-	-	-		-
Other changes recognised in equity			-	-	-		-		-	-		-
	2		-	-	-	-	-	-	-	-		-
Net result of the period	3		-	-	-	-	-	-	(95 656 465)	(95 656 465)		(95 656 465)
Comprehensive result	4 = 2 + 3								(95 656 465)	(95 656 465)		(95 656 465)
Operations with capital owners in the period												
Capital subscriptions			-	-	-	-	-	-		-		-
Share premium subscriptions			-	-	-	-	-	-	-	-		-
Distributions			-	-	-	-	-	-	-	-		-
Down payments to cover losses			-	-	-	-	-	-	-	-		-
Other operations			-	-	-	(52 294 868)	-	-	52 501 954	207 086		207 086
	5		**-**	**-**	**-**	**(52 294 868)**	**-**	**-**	**52 501 954**	**207 086**		**207 086**
Position at the end of the 2020 period	**6 = 1+2+3+5**		**3 959 489 351**	**24 703**	**1 306 650**	**(5 828 618 157)**	**-**	**91 490 008**	**(95 656 465)**	**(1 871 963 910)**		**(1 871 963 910)**

Certified Accountant - Dr. Ana Coelho

President- Eng. Nuno Pinho da Cruz de Freitas

Vice-President - Eng. Pedro Miguel Sousa Pereira Guedes Moreira

Director - Dr. Ana Maria dos Santos Malhó

Director - Dr. Maria Isabel de Magalhães Ribeiro

Director - Eng. Pedro Manuel Franco Ribeiro

Consolidated statement of changes in equity during 2019

(amounts in euros)

DESCRIPTION		NOTES	Equity granted to capital owners of the parent company: Subscribed Capital	Legal Reserves	Other Reserves	Results brought forward	Revaluation surplus	Adjustments/ Other Changes in Equity	Net Result of the Period	Total	Non-Controlling Interests	Total Equity
Position at the beginning of the 2020 period	1	18 a 21	3 931 000 000	24 703	1 306 650	(6 189 186 647)	-	91 490 008	(106 249 189)	(2 271 614 475)		(2 271 614 475)
Changes in the period			-	-	-	-	-	-	-	-		-
First implementation of new accounting framework			-	-	-	-	-	-	-	-		-
Changes in accounting policies		5	-	-	-	-	-	-	-	-		-
Translation differences of financial statements			-	-	-	-	-	-	-	-		-
Realisation of revaluation surplus			-	-	-	-	-	-	-	-		-
Revaluation surplus			-	-	-	-	-	-	-	-		-
Adjustments by deferred taxes			-	-	-	-	-	-	-	-		-
Other changes recognised in equity			-	-	-		-		-	-		-
	2		-	-	-	-	-	-	-	-		-
Net result of the period	3		-	-	-	-	-	-	(52 501 954)	(52 501 954)		(52 501 954)
Comprehensive result	4 = 2 + 3								(52 501 954)	(52 501 954)		(52 501 954)
Operations with capital owners in the period												
Capital subscriptions			28 489 351	-	-	-	-	-		28 489 351		28 489 351
Share premium subscriptions			-	-	-	-	-	-	-	-		-
Distributions			-	-	-	-	-	-	-	-		-
Down payments to cover losses			-	-	-	518 616 538	-	-	-	518 616 538		518 616 538
Other operations			-	-	-	(105 753 180)	-	-	106 249 189	496 009		496 009
	5		**28 489 351**	**-**	**-**	**412 863 358**	**-**	**-**	**106 249 189**	**547 601 898**		**547 601 898**
Position at the end of the 2019 period	**6 = 1+2+3+5**		**3 959 489 351**	**24 703**	**1 306 650**	**(5 776 323 289)**	**-**	**91 490 008**	**(52 501 954)**	**(1 776 514 531)**		**(1 776 514 531)**

To be read with the notes to financial statements.

Certified Accountant - Dr. Ana Coelho

President- Eng. Nuno Pinho da Cruz de Freitas

Vice-President - Eng. Pedro Miguel Sousa Pereira Guedes Moreira

Director - Dr. Ana Maria dos Santos Malhó

Director - Dr. Maria Isabel de Magalhães Ribeiro

Director - Eng. Pedro Manuel Franco Ribeiro

Consolidaded cash flow statement on December 31st, 2020
Period ended on December 31st, 2020 (amount in euros)

CASH FLOW STATEMENT	31 DEC 2020	31 DEC 2019
Cash flows from operating activities - Direct method		
Collections from customers	283 018 224	371 105 184
Payments to suppliers	(205 621 434)	(188 545 762)
Payments to employees	(133 933 047)	(140 424 048)
Cash generated by operations	**(56 536 258)**	**42 135 374**
Income tax payments/collections	(27 203)	(791 078)
Other collections/payments	8 656 032	(12 011 028)
Cash flows from operating activities (1)	**(47 907 429)**	**29 333 268**
Cash flows from investment activities		
Payments regarding:		
Fixed tangible assets	(7 641 386)	(6 367 955)
Intangible assets	-	(127 387)
Financial investments	-	-
Other assets	-	(13 000 000)
Collections from:		
Fixed tangible assets	565	1 282 539
Intangible assets	-	-
Financial investments	-	-
Other assets	-	13 000 000
Investment grants	-	6 554 917
Interest and similar income gained	-	-
Dividends	836 572	648 710
Cash flow from investment activities (2)	**(6 804 250)**	**1 990 824**
Cash flow from funding activities		
Collections from:		
Loans obatined	136 700 000	-
Capital subscriptions and other equity instruments	-	28 489 351
Coverage of losses	-	518 616 538
Donations	-	-
Other funding operations	48 038	-
Payments regarding:		
Loans obtained	(71 693 333)	(521 122 500)
Interest and similar income gained	(16 662 661)	(38 637 131)
Dividends	-	-
Capital reductions and other equity instruments	-	-
Other funding operations	-	-
Cash flows from funding activities (3)	**48 392 043**	**(12 653 742)**
Change in cash and cash equivalents (1+2+3)	**(6 319 636)**	**18 670 350**
Influence of exchange differences	78	(265)
Cash and cash equivalents at the start of the period	**40 205 037**	**21 534 952**
Cash and cash equivalents at the end of the period	**33 885 479**	**40 205 037**

To be read with the notes to the financial statements.

Certified Accountant - Dr. Ana Coelho

President - Eng. Nuno Pinho da Cruz de Freitas

Vice-President - Eng. Pedro Miguel Sousa Pereira Guedes Moreira

Director - Dr. Ana Maria dos Santos Malhó

Director - Dr. Maria Isabel de Magalhães Ribeiro

Director - Eng. Pedro Manuel Franco Ribeiro

2020 Consolidated Report and Accounts

ATTACHMENTS TO FINANCIAL STATEMENTS

Company Identification and Reporting Period (note 1)

Identification

CP – Comboios de Portugal, E.P.E. is a corporate public entity, with legal person governed by public law, with administrative, financial and asset autonomy, with registered office at Calçada do Duque, no. 20, 1249-109 Lisbon, whose current legal system and Statutes were approved by Decree-Law no. 137-A/2009 from June 12th, as amended by Decree-law no. 59/2012 from March 14th and by Decree-law no. 124-A/2018 from December 31st and by Decree-law no. 174-B/2019 from December 26th[4], although its wording did not take effect until January 1st, 2020.

CP's main purposes are:

- the provision of services of railway transportation of passengers in railway lines, line stretches and branches which are, or will become, part of the national railway network, as well as the international transportation of passengers.
- the manufacture and rehabilitation, major repairs, and maintenance of railway equipment and vehicles, and the study of workshop facilities for maintenance.

The integration in its object of the manufacturing, rehabilitation, major repair, and maintenance activities resulted from the merger by incorporation of EMEF - Empresa de Manutenção de Equipamento Ferroviário, S. A., into CP, with reference to January 1st, 2020.

The transportation of goods was split up in 2009, therefore, it started to be undertaken by CP Carga - Logística e Transporte Ferroviário de Mercadorias, S.A., whose share capital was held entirely by CP until 2015, and disposed in 2016, to Mediterranean Shipping Company Rail (Portugal) – Operadores Ferroviários, S.A.

Through its subsidiaries and associates, the CP Group has carried out the following activities in 2020:

- Insurance mediation (Saros, Lda.);
- Synergy and optimisation of the activities concerning the maintenance of locomotives type "LE 5600" and "LE 4700" (SIMEF, A.C.E.);
- Training and development of skills, recruitment and psychological assessment, business consulting and human resources of transport systems (Fernave, S.A.);
- Provision of medical services and occupational safety and hygiene (Ecosaúde, S.A.);

4 To which the Declaration of Rectification 10/2020, from February 21st is added.

- Implementation and management of a common and exclusive ticketing system of the Grouping (CP, STCP and Oporto Metro) in the Oporto's Metropolitan area, as well as establishing the common and exclusive intermodal tariff for public means of transportation of passengers that are operated either directly or indirectly by the Grouping entities (TIP, A.C.E.);
- Ensuring the development of the tele-ticketing project in association with other international partners, in accordance with the commitments assumed by the companies comprising the grouping within the scope of the overall proposal of the aforementioned project (OTLIS, A.C.E).
- Development of engineering, innovation and technology applied to the transport sector, manufacture, repair, and maintenance of electronic components and development of IT solutions (NOMAD TECH, Lda);

Also worthy of mention is Fernave's 6,92% holding in TRANSCOM - Sociedade de Formação, Consultoria e Auditoria em Transportes e Comunicações, S.A.R.L. (Mozambique).

As a corporate public entity, CP is subject to the management guidelines established by the responsible economic and financial Ministries, implemented by the Government members responsible for the finance and transportation fields, as well as the financial control from the Court of Auditors and the Inspectorate General of Finance.

Furthermore, apart from the aforementioned control, it is foreseen in the statutes a dualistic structure of inspection composed by the Supervisory Board and the Certified Public Accountant.

CP is the parent company of a group of subsidiary and associated companies, acting in several activity segments, whose characterisation is set forth in more detail in note 3, and the following are its consolidated financial statements.

Accounting Framework of Preparation of Financial Statements (note 2)

Accounting Framework

The consolidated financial statements of the CP Group have been prepared on the assumption of continuity of operations, from the accounting records of the companies included in the consolidation perimeter, in accordance with the international financial reporting standards, as implemented by the European Union (EU), in force as of December 31st, 2020.

The International Financial Reporting Standards (IFRS), issued by the *International Accounting* Standards Board (IASB), as well as the International Accounting Standards (IAS), issued by the International Accounting Standards Committee (IASC), and their respective interpretations (IFRIC and SIC), issued by the International Financial Reporting Interpretation Committee (IFRIC) and the Standing Interpretation Committee (SIC), shall be construed as forming part of the aforementioned standards. Hereinafter, all such standards and interpretations thereof shall be generically referred to as IFRS.

Such financial statements, which are expressed in Euros, have been examined by the Board of Directors in a meeting held on June 7th, 2021, having decided to submit such statements to the responsible Ministry for approval.

The accounting policies presented in note 3 were used in the consolidated financial statements for the period concluded on December 31st, 2020, and for the comparative financial information presented in these financial statements for the period concluded on December 31st, 2019.

Derogations of the IFRS

There were no derogations made to the provisions of IFRS.

Comparative values

No changes were made to the accounting policies, and no material errors which affect the comparison of values between the financial years have been detected.

Main Accounting Policies (note 3)

The main accounting policies applied in the elaboration of the consolidated financial statements herein are described below and have been applied in a consistent manner for the following periods.

Bases of Measurement

The consolidated financial statements were prepared in accordance with the historical cost principle, modified by the application of fair value for the derivative financial instruments, financial assets and liabilities held for trading, with the exception of those for which fair value is not available. Non-current assets held for sale and groups of assets held for sale are registered at the lower value between their book value and fair value deducted from the corresponding disposal costs.

The preparation of financial statements in accordance with the IFRS requires the formulation of judgments, estimates and assumptions which affect the application of the accounting policies and the value of assets, liabilities, income, and expenses. The associated estimates and assumptions are based on historical experience and on other factors deemed reasonable in accordance with the circumstances, and they are the basis for the judgments regarding the value of assets and liabilities whose valuation is not clear through other sources. The real results may differ from the estimates.

The matters requiring a larger index of judgment or complexity, or those for which the assumptions and estimates are considered significant, are presented in the headings "Value judgments", “Main assumptions concerning the future” and “Main sources for uncertain estimates” present in this note.

Consolidation

Introduction

CP presents its consolidated financial statements in accordance with the international financial reporting standards, as provided for in Regulation 1606/2002 of the European Parliament and of the Council of July 19th. These statements express the financial position and results of operations of the group as if they were a single entity and are intended to show the results of operations that the group companies have carried out with third parties.

This consolidation shall not have an impact at a fiscal level, namely regarding Income Tax, given that there are no expectations for the group to obtain future taxable profits which allow using the accumulated tax losses.

The Group and the Company

General Remarks

Throughout 2020, CP continued its purpose of developing a sustainable Group strategy, by structuring its existing shareholdings and by developing a culture of efficiency and added value, focused on its core business.

CP has provided self-sufficiency to activity segments by turning them into companies, aiming at creating positive synergies for its business.

CP

CP – Comboios de Portugal E.P.E. is, from July 2009, a corporate public entity, which is 100% held by the Portuguese State. CP is responsible for the provision of services related to national and international passenger railway transportation.

CP has a nationwide activity, providing essential services for the Country's development and for the social and territorial cohesion thereof.

Affiliate Companies

CP's financial holdings as of December 31st, 2020, are as follows:

Subsidiaries

SAROS – Sociedade de Mediação de Seguros, Lda.

- CP's shareholding - 100%
- Subscribed Capital – 5,000 euros

The company's purpose is insurance mediation.

FERNAVE – Formação Técnica, Psicologia Aplicada e Consultoria em Transportes e Portos, S.A.

- CP's shareholding - 100%
- Subscribed Capital – 50,000 euros

Having started its activity in 1992, it aims to provide services in the fields of training and skills development, recruitment and psychological evaluation, business consulting and human resources of transport systems.

ECOSAÚDE – Educação, Investigação e Consultoria em Trabalho, Saúde e Ambiente, S.A.

- CP's shareholding - 100%
- Subscribed Capital – 50,000 euros

The company was founded in 1995 and its main activity is to provide medical services and health and safety at work.

Jointly controlled entities

SIMEF, A.C.E.

- CP's shareholding – 51%
- Capital – none

Complementary company grouping incorporated in 2009, whose corporate purpose is the synergy and optimisation of the activities of the grouped companies concerning the maintenance of locomotives type "LE 5600" and "LE 4700", under the agreement between the Grouping and CP – Comboios de Portugal, E.P.E.

TIP, A.C.E – Transportes Intermodais do Porto

- CP's shareholding – 33.33%
- Subscribed Capital – 30,000 euros

Complementary company grouping incorporated in 2002, whose corporate purpose is the establishment and management of a common and exclusive ticketing system of the Grouping (CP, STCP and Oporto Metro) in the Oporto's Metropolitan area, as well as the establishment of the common and exclusive intermodal tariff for the public means of transportation of passengers that are operated either directly or indirectly by the grouping entities.

OTLIS, A.C.E. – Operadores de Transportes da Região de Lisboa

- CP's shareholding – 14.29%
- Subscribed Capital – 392,832.02 euros

OTLIS is a complementary company grouping incorporated in 1996, whose corporate purpose is to ensure the development of the tele-ticketing project in association with other international partners, in accordance with the commitments assumed by the companies comprising the grouping within the scope of the overall proposal of the aforementioned project.

Additional information on note 45.

Associated Companies

TRANSCOM – Sociedade de Formação, Consultoria e Auditoria em Transportes e Comunicações, S.A.R.L. (Mozambican)

- Shareholding via Fernave – 6.92%
- Share Capital – 74,025,000 meticais

The company was incorporated in 1998, and its corporate purpose is higher university teaching, as well as scientific research, namely within the scope of technology, management, logistics, distribution, transportation, communications, and computer science for companies and other organisations, especially those related to transportation, communications, and computer science.

NOMAD TECH, Lda.

- CP's shareholding - 35%
- Subscribed Capital – 160,000 euros

The company was incorporated in 2013, carrying out its activity within the scope of engineering, innovation and technology applied to transportation, manufacture, repair, and maintenance of electronic components and the development of computer science solutions.

Other shareholdings

CP also has a set of small shareholdings in companies whose activities are connected to those carried out by the companies of the Group.

Such shareholdings are recognised at cost less impairment losses, given the fact that the value of such shareholdings is not publicly traded and there is no possibility of obtaining their fair value in a reliable manner.

Medway – Operador Ferroviário e Logístico de Mercadorias, S.A. (ex-CP Carga)

- CP's shareholding – 5%
- Subscribed Capital – 121,312,810 euros

Its corporate purpose is the railway transportation of goods, logistics activities and related operations.

The company was incorporated by simple demerger, thereby complying with the commitment to liberalisation for the sector assumed by Portugal to the European Union.

The share capital was fully owned by CP until 2015, and sold in 2016 to Mediterranean Shipping Company Rail (Portugal) - Operadores Ferroviários, S.A. As of December 31st, 2019, CP still holds a 5% interest, which is temporary, and awaits the conclusion of some procedures foreseen in the reference sale agreement.

Metro do Porto, S.A.

- CP's shareholding – 3.33%
- Share Capital – 7,500,000 euros

Incorporated in 1993, its corporate purpose is the operation of a light metro system in the Oporto metropolitan area, under a concession scheme assigned by the State.

Metropolitano Ligeiro de Mirandela, S.A.

- CP's shareholding - 10%
- Share Capital – 125,000 euros

Company incorporated in 1995, whose corporate purpose is the exclusive operation of the surface metro transportation in the Municipality of Mirandela, Carvalhais-Cachão section.

Metro Mondego, S.A.

- CP's shareholding – 2.5%
- Share Capital – 1,075,000 euros

This company was incorporated in 2002, and its main corporate purpose is the exclusive operation of a light surface metro network, in the Municipalities of Coimbra, Lousã, and Miranda do Corvo.

ICF – Intercontainer – Interfrigo, S.A. (Belgian)

- CP's shareholding – 2.09%
- Share Capital – 18,300,000 euros

The company's corporate purpose is the organisation and development of combined transportation, as well as of refrigerated transportation at an appropriate temperature, comprising all the operations intended for obtaining and maintaining the temperature deemed appropriate for the various goods, as well as for the availability of supporting services concerning such transportation.

Company in liquidation.

EUROFIMA – Société Européenne pour le Financement de Matériel Ferroviaire (Switzerland)

- CP's shareholding - 2%
- Share Capital – 2,600,000,000 CHF

Its main corporate purpose is to provide the funding needed for investments for the renewal and modernisation of rolling stock, in order to ensure a progressive integration of railways into the European level, playing a very competitive role in the granting of funds to shareholders.

BCC – Bureau Central de Clearing (Belgian)

- CP's shareholding – 1.54%
- Share Capital – 110,250 euros

The company's corporate purpose is to provide financial services to its associates, as well as all commercial operations required for such purpose, and, particularly, to reduce the number and amount of payments between its associates through the centralisation and offsetting of their reciprocate debits and credits.

Consolidation Method

The obligation to prepare consolidated accounts shall apply to the parent company holding control over one or more subsidiaries. In accordance with the specifications of the IFRS, all companies of the Group over which the company holds control have been included in the consolidation, and the full consolidation method has been used for all such companies.

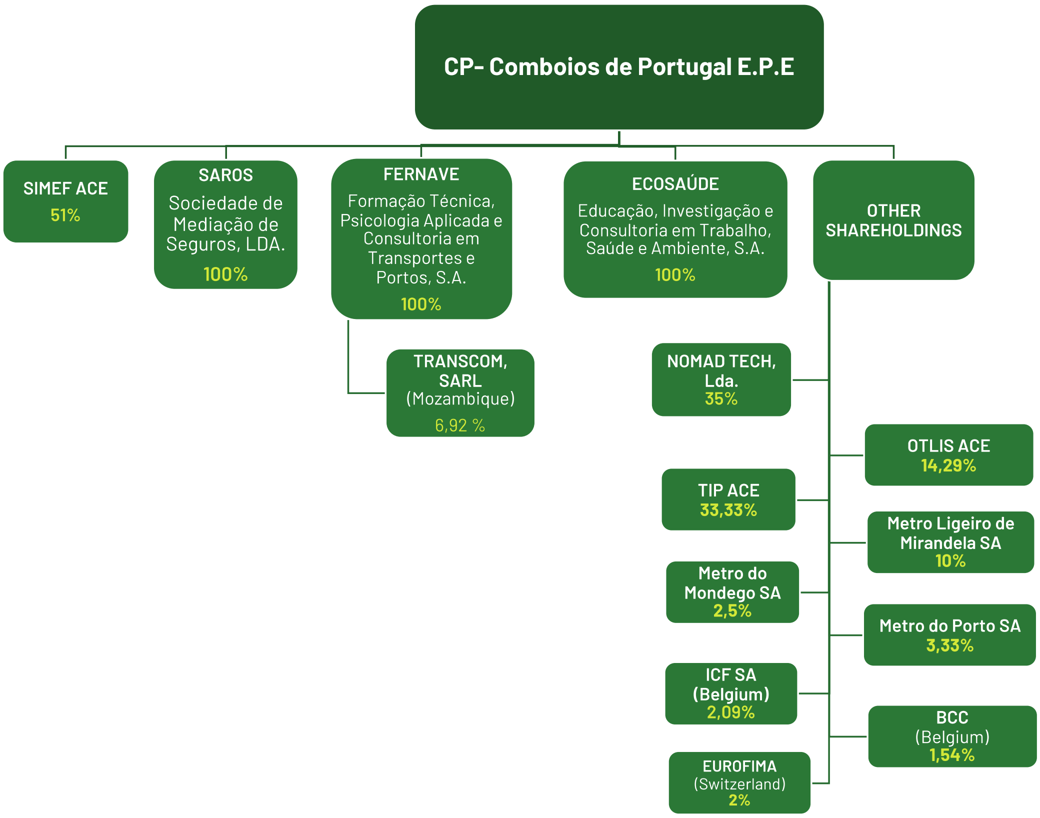
Thus, based on the specifications set forth in the IFRS 10, the financial statements have been prepared by grouping identical elements of assets, liabilities, equities, income, and expenses, on a line-by-line basis.

The consolidation procedures have further involved the elimination of the parent company's investment in each subsidiary against equity, as well as the elimination of balances, transactions, intra-group income and gains, and expenses and losses.

Concerning joint ventures, the equity method was applied from January 2013, replacing the proportionate consolidation, in accordance with the provisions set forth in the IFRS 11.

By pursuing the specifications of the standard concerning the implementation of the equity method, the investment was initially recognised by the cost, and the carrying amount is increased or decreased in order to recognise the investor's part in the investee's results following the date of the incorporation/purchase of the joint venture. Distributions received reduce the carrying amount of the investment, and adjustments may also be made to the carrying amount for changes in the proportionate interest of the investor in the joint venture, as a result of changes in equity that have not been recognised in the joint venture's results.

Consolidation Perimeter



The share capital of CP Carga - Logística e Transportes Ferroviários de Mercadorias, S.A, was sold in 2016 to Mediterranean Shipping Company Rail (Portugal) - Operadores Ferroviários, S.A. As at December 31st, 2020, CP still has a 5% residual shareholding, which is temporary (and adjusted with impairment), given the fact that it is awaiting completion of certain procedures foreseen in the agreement, in order for the disposal to correspond to the entire shareholding. It is for this reason that it is not shown in the consolidation perimeter chart.

Companies included in the consolidation under the full consolidation method

The companies included in the consolidation under the full consolidation method, their registered offices, and the proportion of the capital, which is directly and indirectly held by the Group, as at December 31st, 2020, are the following:

Company	Registered Office	Capital Owners	% of capital owned
SAROS, LDA.	Lisbon	CP, E.P.E.	100%
FERNAVE, S.A.	Lisbon	CP, E.P.E.	100%
ECOSAÚDE, S.A.	Lisbon	CP, E.P.E.	100%

Associated companies accounted for under the equity method

The companies included in the consolidation under the equity method, their registered offices and the proportion of the capital owned, as of December 31st, 2020, are the following:

Company	Registered Office	Capital Owners	% of capital
TIP, ACE	Oporto	CP, E.P.E.	33%
SIMEF, ACE	Entroncamento	EMEF, S.A.	51%
OTLIS, ACE	Lisbon	CP, E.P.E.	14%
NOMAD TECH, LDA.	Oporto	EMEF, S.A.	35%

Other Shareholdings

In the case of financial investments whose fair values cannot be reliably identified, the former shall be measured at their acquisition cost, less any accumulated losses due to impairment.

Relevant Accounting Policies

Fixed Tangible Assets

Recognition and Valuation

Fixed tangible assets concerning the passenger transportation segment are held by the parent company and are accounted for by the cost of acquisition deducted from the corresponding accumulated depreciations and impairment losses.

At the date of transition to the IFRS, CP decided to consider the revalued amount of fixed tangible assets – established in accordance with the previous accounting policies – as their cost, which was generally comparable to the cost measured in accordance with the IFRS.

The subsequent costs are recognised as fixed tangible assets only if it is likely that they will create future economic benefits for CP. All expenses related to maintenance and routine repairs which do not increase the asset's useful life, or which do not constitute replacements in regular intervals (large interventions performed with intervals varying between 2 and 15 years) of items of the asset are recognised as expense, in accordance with the accrual's principle.

CP's fixed tangible assets include assets owned by the State (assets set forth in the joint order no. 261/99, of March 24th) and which are assigned to the operating activity of the company. Such assets are registered in the financial statements of CP in order to allow an appreciation of the economic performance of the Company.

Such policy was also implemented in the recognition and measurement of the fixed tangible assets used by the remaining subsidiaries in the carrying out of their activity, particularly in the manufacture and maintenance of railway equipment and vehicles, in technical training and applied psychology, as well as in the provision of healthcare and occupational safety services.

The cost of all fixed tangible assets includes the purchase price, import duties, non-refundable taxes, and all necessary costs in order to place the asset in the working location and condition, namely the transportation and assembly expenses, excluding trade discounts and rebates.

Subsequent expenses are recognised as fixed tangible assets only if it is likely that there will be future economic benefits therefrom. All maintenance and repair expenses which do not increase the asset's useful life shall be recognised as costs, in accordance with the accrual's principle.

Maintenance and Repair Expenses

Rolling stock for passenger transportation:

- Expenses incurred with routine maintenance during the useful life of the rolling stock are recognised as operating expenses;
- The expenses incurred in large and indispensable multi-annual repairs, in order to ensure the continuity of the asset's operation, are recognised in the fixed tangible assets as specific components of rolling stock and depreciated by their estimated useful life in a separate section from the main component. Once each large repair is carried out, its cost is recognised in the carrying amount of the item of the fixed tangible asset as replacement, provided that the recognition criteria are met. Any remaining carrying amount of the cost of the previous large repair is derecognised; and
- Expenses incurred at the end of the useful life of the main component, which include the transformation and modernisation thereof, are recognised as fixed tangible assets and depreciated by the lengthening of its expected useful life.

Buildings and fixed facilities

- The routine maintenance and repair expenses (maintenance agreements, technical inspections, etc.) are recognised as operating expenses;
- The expenses incurred with plans of multi-annual programmed maintenance are recognised in fixed tangible assets, through the partial or total replacement of the replaced component; and
- Maintenance and repair costs are accounted for in results of the period in which they are incurred, in accordance with the accrual's principle.

Depreciation

Land is not depreciated. Depreciation of the remaining fixed tangible assets is calculated by the straight-line method, in accordance with the following expected useful life periods of the assets.

Description of the asset	Years
Buildings and other constructions – State	3 to 50
Buildings and other constructions – CP	3 to 50
Rolling Stock:	
diesel and electric locomotives:	
- Main Component	17 to 35
- Secondary Component	5 to 15
diesel and electric railcars:	
- Main Component	14 to 30
- Secondary Component	2 to 15
Passenger carriages:	
- Main Component	15 to 30
- Secondary Component	**2 to 12**
Transportation equipment	**4 to 12**
Administrative equipment and tools	**3 to 18**
Other fixed tangible assets	5 to 20

Fixed tangible assets belonging to the State (assets set forth in joint order no. 261/99 from March 24th) are being depreciated since 1999 at a rate of 2%, in accordance with regulating decree no. 25/2009 from September 14th.

No residual amounts were considered when determining the depreciated amounts.

Government Grants

Government grants related with fixed tangible and intangible assets are initially recognised in equity, when there is a guarantee that the grant will be received, and that CP will comply with the conditions associated to the assignment of the grant. Subsequently, such grants are recognised in the income statement on a systematic basis, in accordance with the useful life of the asset.

The grants compensating CP for expenses and losses incurred are recognised as income within the income statement in a systematic basis, and in the same period in which the expenses are recognised.

Capitalisation of Costs with Loans and Other Directly Attributable Costs

Interest on loans directly attributable to the acquisition or construction of assets is capitalised as part of the cost of such assets. An asset eligible for capitalisation is an asset needing a substantial period of time in order to be available for use or sale. The amount of interest to be capitalised is determined through the application of a capitalisation rate on the value of the investments made. The capitalisation of costs with loans begins when the investment begins, when interest on loans has already been incurred and when the activities necessary for preparing the asset in order for it to be available for use or sale are already under way. The capitalisation is concluded once all the activities necessary for the asset to be available for use or sale are substantially concluded.

Impairment of rolling stock for passenger transportation

CP considers that the nature of its rolling stock and, in particular, the absence of interoperability with the European network, invalidates the establishment of an appropriate market value, given the absence of an active market. Thus, this amount is only established when there are proposals of sale of specific material.

As to the determination of the use value, the latter shall reflect the expected cash flows, updated at a discount rate appropriate for the business. CP considers that, for the calculation of expected cash flows, it is essential to take into account the features of the provided public service as well as the specificities of the financing structure that has been followed until the current moment.

Considering the nature of public service, CP understands that it is not possible to establish the use value as defined in the IAS 36, given that there are no specific rules defined for companies providing public service.

However, when there are specific situations showing that an asset may be impaired, in particular when the rolling stock ceases to operate, the recoverable amount is determined, and an impairment loss is recognised whenever the net value of an asset exceeds its recoverable amount. Thus, impairment losses are recognised in results.

Recognition of impairment in the remaining assets of the Group

As defined in the IAS 36, when there is an indication that an asset may be impaired, its recoverable amount is estimated, and an impairment loss shall be recognised whenever the net book value of an asset exceeds its recoverable amount. Impairment losses are recognised in results. The recoverable amount is determined as the highest between its selling price (net realisable value) and its use value, which is calculated based on the current value of the estimated cash flows which are expected to be obtained from the continued use of the asset and of its disposal at the end of its useful life.

Leases

As of December 31st, 2018, the companies of the Group classify the leasing transactions as financial or operating leases, depending on their substance and not on their legal form. The transactions classified as financial leases are those where the risks and advantages inherent to the ownership of an asset are substantially transferred to the lessee. All remaining leasing transactions are classified as operating leases.

Payments of an operating lease are recognised as an expense on a linear basis during the lease period.

Financial lease agreements were accounted for at the date such agreements took effect, in assets and in liabilities, at the lower between the fair value of the leased property, or the current value of the due rents of the lease. The rents were charged to results by the reduction of outstanding liabilities. Financial costs were recognised as expenses throughout the lease period, in order to produce a constant periodic interest rate on the remaining balance of the liability in each period. Assets acquired through financial lease were depreciated in accordance with the policy established for fixed tangible assets.

With the entry into force on January 1st, 2019, of IFRS 16 - Leases, the Group reviewed the criteria for recognition and accounting of leases, proceeding as follows:

Identification of leases

On the start date of each contract, the Group assesses whether the scope of the contract corresponds to a lease or contains a lease. A lease is defined as a contract, or part of a contract, whereby the right to control the use of an identifiable asset for a certain period of time is assigned in exchange for a compensation. To assess whether a contract assigns the right to control the use of an identifiable asset for a certain period of time, the Group evaluates whether, during the period of use of the asset, it has cumulatively:

- The right to obtain substantially all economic benefits derived from the use of the identifiable asset; and
- The right to direct the use of identifiable assets.

Recognition

The Group recognises a right to use an asset and a lease liability on the effective date of the contract. The right to use an asset is initially measured at cost, which comprises the initial value of the lease liability adjusted for any lease payments made on or before the start date, any initial direct costs incurred, as well as an estimate of the costs of decommissioning and removal of the underlying asset (if applicable), less any incentive granted.

The right to use an asset is depreciated by twelfths using the straight-line method over its estimated useful life or the lease term, whichever is the lower.

The right to use an asset is periodically subject to impairment tests and any losses detected are immediately recorded in the consolidated income statement of the results of the financial year.

The lease liability is initially recognised at the present value of the unpaid rentals at the date of entry into force of the agreement, discounted at the interest rate implicit in the lease, or, if this rate cannot be determined, at the incremental interest rate of the respective invested company.

The lease payments included in the measurement of the lease liability include the following components:

- flat-rate payments, less any incentives already received;
- variable payments, dependent only on a certain rate or index;
- amounts due under a guarantee on the residual value of the asset;
- the purchase option exercise price if it is reasonably certain that the lessee will exercise the option; and
- penalty payments for termination of contract, if it is reasonably certain that the tenant will cancel the contract.

The lease liability is subsequently measured at amortised cost using the effective interest rate method and is remeasured when it occurs:

(i) changes in future payments derived from a change in a rate or index specified in the agreement;

(ii) changes in the Group's estimate of the amount to be paid as collateral on the residual value of an asset, or

(iii) if the Group changes its assessment about the exercise of a call option, or about its extension or termination.

When the lease liability is remeasured, the right to use an asset is adjusted by an equal amount, unless the carrying amount of the right to use is reduced to zero, in which case a gain is recorded in the consolidated income statement for the financial year.

Intangible Assets

The intangible assets of the companies of the Group are accounted for at the acquisition cost deducted from the respective accumulated amortisations and impairment losses.

The companies in the Group carry out impairment tests whenever there are occurrences or circumstances indicating that the book value exceeds the recoverable value. If a difference arises, it shall be recognised in results. The recoverable amount is determined as the highest amount between its net selling price and its use value, the latter being calculated based on the current value of the estimated future cash flows expected to be obtained from the continued use of the asset and of its disposal at the end of its useful life.

Amortisations are calculated by the straight-line method for a 3-year period.

Other Financial Assets/Liabilities

The companies of the CP Group only recognise a financial asset, a financial liability, or an equity instrument when they become part of the instrument’s contractual provisions.

The CP Group classifies its investments on their trade date in accordance with the purpose of the acquisition thereof, in the following categories:

- financial assets at fair value through results (held for trading and fair value option);
- loans and accounts receivable;
- held-to-maturity assets; and
- financial assets available for sale, in compliance with the provisions set forth in the IAS 39 – Financial instruments.

Financial assets at fair value through results

This category includes:

(i) financial trading assets acquired for the main purpose of trade in the short term, and

(ii) financial assets designated at the time of their initial recognition at fair value with variations recognised in results.

Following their initial recognition, financial assets at fair value through results are valued at fair value, and their variations shall be recognised in results.

This category includes derivatives that do not qualify for hedge accounting purposes. The changes in their fair value are directly recognised in the results of the financial year.

Held-to-maturity financial assets

Such investments are non-derivative financial assets with fixed or determinable payments and maturities, for which there is the intention and ability to hold to maturity.

Such investments are measured at amortised cost, based on the effective interest rate method, and are deducted from impairment losses. Impairment losses are accounted for based on the estimate and assessment of losses, associated with doubtful credits on the date of the financial statements.

Impairment losses are the difference between the asset's book value and the current value of estimated future cash flows (by considering the recovery period) discounted at the financial asset's original effective interest rate.

Such assets are shown in the statement of financial position, net of recognised impairment.

Loans and Accounts Receivable

They are non-derivative financial assets, with fixed or determined payments, which are not quoted in an active market. They arise from the normal course of operating activities, in the supply of goods or services, with no intention for trading.

Loans and accounts receivable are initially recognised at their fair value, and are subsequently valued at amortised cost, based on the effective interest rate method.

Impairment losses are accounted for when there is proof suggesting that the company of the CP Group will not receive all the amounts to which it was entitled pursuant to the original terms of the agreements that have been concluded. Several indicators are used in the identification of impairment situations, such as:

(i) Default analysis;

(ii) Default for more than 6 months;

(iii) Financial difficulties of the debtor;

(iv) Likelihood of the debtor's bankruptcy.

Impairment losses are the difference between the asset's book value and the current value of estimated future cash flows (by considering the recovery period) discounted at the financial asset's original effective interest rate.

Such assets are shown in the statement of financial position, net of recognised impairment.

Financial Assets Available for Sale

Financial assets available for sale are non-derivative financial assets which the CP Group intends to keep indefinitely. Such assets are designated as available for sale at the time of their initial recognition, or if they do not fall under the aforementioned categories.

Financial assets available for sale are accounted for at fair value, and the corresponding fair value variations are directly recognised in the equities, in the 'fair value reserves' heading, until the investments are derecognised, or an impairment loss is identified, in which case the accumulated amount of the potential gains and losses accounted for in reserves is transferred to results. Assets are carried at acquisition cost if there is no market value. However, impairment tests shall be carried out.

Accrued interest of fixed income instruments, when classified as assets available for sale, as well as the differences between the acquisition cost and the nominal value (premium or discount), are accounted for in results in accordance with the effective interest rate method.

Subsequent Measurement of Financial Assets/Liabilities

Financial assets/liabilities are measured at cost or at amortised cost less any impairment loss, or at fair value along with the changes in fair value to be recognised in the income statement, in accordance with the provisions set forth in the IAS 39.

Following initial recognition, the CP Group measures the financial assets, including derivatives that are assets, by their fair values without any deduction for the transaction costs the Group may incur upon sale or other disposal, except for the following financial assets:

a) Granted loans and accounts receivable, which are measured at amortised cost by using the effective interest method;

b) Held-to-maturity investments, which are measured at amortised cost by using the effective interest method; and

c) Investments in equity instruments which do not have a market price quoted in an active market and whose fair value cannot be obtained in a reliable manner, as well as agreements linked to such instruments which, if concluded, result in the delivery of such instruments - which shall be measured at cost less impairment losses.

Financial assets designated as hedged items are subject to measurement according to the hedge accounting requirements set forth in the IAS 39.

Every financial assets, except those measured at fair value through results, are subject to impairment revision, according to IAS 39.

Following initial recognition, the CP Group measures all financial liabilities by the amortised cost by using the effective interest method, except for financial liabilities at fair value through results. Such liabilities, including derivatives forming part of the liability, are measured at fair value, except for a derivative liability that is linked to, and should be settled by, the delivery of an unquoted equity instrument, whose fair value cannot be measured in a reliable manner, and such fair value shall be measured at cost.

Financial liabilities designated as hedged items are subject to the hedge accounting requirements set forth in the IAS 39.

Upon determining the fair value of a financial asset or liability, the market price shall apply if there is an active market. This is level 1 of the fair value hierarchy as defined in the IFRS 7.

If there is no active market, which is the case for some financial assets and liabilities, valuation techniques generally accepted in the market shall be used, which are based on market assumptions. This is level 2 of the fair value hierarchy as defined in the IFRS 7, and which is used by the CP Group.

The CP Group includes unquoted financial instruments in the 2nd level of the fair value hierarchy, such as derivatives. The most frequently used valuation models are discounted cash flows models and option assessment models, which include, for instance, interest rate curves as well as market volatility.

In the case of more complex derivatives, more advanced valuation models are used, which include assumptions and data not directly observable in the market. This is level 3 of the fair value hierarchy as defined in the IFRS 7.

Impairment

In accordance with the IAS 36 – Impairment of assets, every time the book value of an asset exceeds its recoverable amount, its value is reduced to the recoverable amount, and the impairment loss is recognised in results of the financial year.

At the date of each financial reporting period, the impairment of assets is assessed and, if there is objective evidence of impairment, an impairment loss is recognised in the income statements.

In the case of financial assets presenting impairment indicators, the corresponding recoverable amount is determined, and the impairment losses are accounted for against results.

Inventories

In the railway transportation components, the inventories of goods, as well as of raw, auxiliary, and consumable materials, are accounted for at acquisition cost, by adopting the weighted average cost as the costing method for outgoings. When necessary, the impairment is recognised for obsolete, slow-moving, and defective inventories, and it is presented as a deduction from the asset.

As to railway material maintenance, inventories (raw and auxiliary materials, finished and intermediate products, and ongoing products and works) are accounted for at acquisition cost (in the case of raw and auxiliary materials) or at production cost (in the case of intermediate and finished products and of ongoing products and works), or at net realisable value, the lowest from the two.

The acquisition or production cost includes all purchase costs, conversion costs and other costs incurred to place inventories in their location as well as in condition of use or sale. The net realisable value is the estimated selling price during the normal course of business, less the corresponding selling costs, as provided in the IAS 2 – Inventories.

The value of inventories is written down to its net realisable value whenever such assets are carried at amounts higher than those that would foreseeably result from their sale or use.

As to the recognition and measurement of inventories of ongoing products and works, as well as finished products, the CP Group also takes into account the provisions set forth in the IAS 11 - Construction contracts, regarding the costs associated with construction contracts.

Raw, Auxiliary, and Consumable Materials

Raw, auxiliary, and consumable materials are measured at the lowest value between their acquisition cost and their net realisable value. The amounts inherent to the purchase, conversion and other costs incurred to place the inventories in their location and condition of use or sale are considered as cost.

Raw, auxiliary, and consumable materials are adjusted based on the assets' movement, obsolescence, nature, and useful life. The amount of any adjustment in inventories to the net realisable value is recognised as expense in the period when the loss takes place. When the circumstances that previously resulted in an adjustment to the value of inventories cease to take effect, or when there is an increase in the net realisable value due to the change in the economic circumstances, the amount of the adjustments is reversed, and such reversal shall be limited to the amount of the original adjustment.

The weighted average cost shall be the adopted method for the costing of outgoings.

Ongoing Products and Works

Ongoing products and works inventories are valued at the lowest amount between the production cost (including the cost of the incorporated materials and of the subcontracting of services, direct labour, and general manufacture expenses) and the net realisable value.

The net realisable value is considered to be the estimated selling price during the normal course of business, less estimated completion costs and estimated costs necessary for the sale.

Finished Products

This heading accounts for products transferred from ongoing products and works following their completion, and such products are valued at production cost or at net realisable value, if the latter is lower.

Cash and Cash Equivalents

Cash and cash equivalents include cash, bank deposits and other short-term investments of high liquidity, as well as bank overdrafts. Bank overdrafts are shown in the statement of financial position, in current liability, in the heading Loans obtained.

Loans and Bank Overdrafts

Loans are initially recognised in the liability through the received nominal value, net of expenses related with issuance, which is the corresponding fair value at that date. Afterwards, loans are measured using the amortised cost method. Any difference between the liability component and the payable nominal amount, at the maturity date, is recognised as interest expenses using the effective interest rate method.

Any amounts in debt of the financing agreements satisfying any of the following criteria are classified as current liability:

- If it is expected that such amounts shall be settled during the entity's regular operating cycle;
- If such amounts are held primarily for the purpose of trade;
- If such amounts should be settled within twelve months following the balance sheet date; and,
- If the entity does not hold an unconditional right to defer the settlement of the liability for at least twelve months following the balance sheet date.

All remaining loans are classified as non-current liability.

The amount in debt of the funding agreements whose contractually established maturity exceeds one year is classified as non-current liability.

Non-Current Assets Held for Sale and Discontinuing Operations

Non-current assets or groups of non-current assets held for sale (groups of assets together with the corresponding liabilities, including at least one non-current asset), are classified as held for sale when their cost is primarily recovered through sale, when assets or groups of assets are available for immediate sale and when there is a significant likeliness for their sale, in accordance with the provisions set forth in the IFRS 5.

The companies in the CP Group also classify non-current assets or groups of assets acquired only with the purpose of subsequent sale – being available for immediate sale and there being a significant likeliness thereof – as non-current assets held for sale.

Immediately before being classified as held for sale, the measurement of all non-current assets and all assets and liabilities included in a group of assets for sale is carried out in accordance with the applicable standards. Following their classification, such assets or groups of assets are measured at the least amount between their carrying amount and their fair value deducted from the selling costs.

Foreign currency transactions

Functional and Presentation Currency

The elements included in CP's financial statements are measured using the currency of the economic environment in which the entity functions ("the functional currency"). The Financial Statements are presented in euros, which is CP's functional and presentation currency.

Transactions and Balances

All transactions in currencies other than euro are converted into functional currency by using the exchange rates in force at the date of the transaction.

In each balance sheet date, the monetary assets and liabilities denominated in foreign currency are converted into euros using the exchange rates in force at that date.

Exchange differences, whether favourable or unfavourable, arising from the differences between the exchange rates in force at the date of the transactions and those in force at the date of collection/payment, or at the balance sheet date, are accounted for as income and expenses in the income statement of the period.

Non-monetary assets and liabilities accounted for in accordance with their fair value denominated in foreign currency are translated into euros. For such purpose, the exchange rate in force at the date when the fair value was determined shall be used.

Revenue recognition

Passenger Transportation

Revenues produced in this segment concern the provision of passenger transportation services, the sale of goods and other services related with railway transportation, deducted from discounts and price deductions. Revenue is recognised at its fair value.

The services provided by CP are usually concluded between each reporting period. The income resulting from CP's activity is recognised in the income statement, at the time in which the service is provided, which concerns the date of the beginning of the trip, and when it is likely that the revenue and expenses amount is reliably measured and, also, that the economic benefits will revert to CP.

Maintenance of Rolling Stock

In the case of recognition of revenue linked to this activity segment, the provisions set forth in the IAS 11 – Construction contracts – are the ones used. Thus, it is ascertained whether the conditions necessary for considering a reliably estimated transaction outcome are met, which shall enable the percentage of completion method to be applied.

The percentage of completion method applied to the provision of services considers the total estimated costs, an amount assessed by the operating part, by taking the work to be carried out and past experience in similar works into account.

When the conditions required for considering a reliably estimated transaction outcome are not met, the extent to which the recognised expenses are recoverable is assessed. If there are no indicators showing a likeliness of recoverability of the costs incurred, the revenue is not recognised, and the costs incurred are recognised as expense.

Remaining Activity Segments

Revenue is measured at fair value of the received or receivable consideration. Revenue associated with service provision is recognised with reference to the stage of completion of the transaction at the balance sheet date once the outcome of a transaction may be reliably estimated. The outcome of a transaction may be reliably estimated once all the following conditions are met:

- If the amount of revenue may be reliably measured;
- If it is likely that the economic benefits associated with the transaction revert to the entity;
- If the stage of completion of the transaction at the balance sheet date may be reliably measured;
- If the costs incurred with the transaction and those incurred with the completion of the transaction may be reliably measured.

Revenue comprises the sums invoiced upon the sale of products or the provision of services, net of value added taxes, rebates, and discounts. When the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be lower than the nominal amount. Such difference is recognised as interest revenue.

Recognition of Expenses and Income

Expenses and income are accounted for in their relevant period, regardless of their payment or reception, in accordance with the underlying assumption of the accrual basis (economic periodisation).

The prepared financial statements provide information not only on past transactions involving the payment and reception of cash but also on future payment obligations and resources representing cash to be received in the future.

Accrual-based accounting is carried out through the use of the other accounts receivable and other debts payable headings, as well as the deferrals heading.

Provisions

Provisions are recognised when

(i) the company has a legal or constructive obligation arising from a past event;
(ii) an outflow of resources in order to settle the obligation; and
(iii) a reliable estimate of the amount of such obligation may be performed.

The provisioned amount is the amount deemed necessary in order to address estimated economic losses. Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditures expected to be required to settle the obligation.

Interest and similar income obtained, and interest and similar expenses incurred

Interest is recognised in accordance with the accrual principle. Receivable dividends are recognised at the date when the right to their reception is established.

Since they are recognised in expenses and losses of the period, their recognition is carried out in accordance with the accrual basis and in accordance with the applicable effective interest rate.

Profit Tax

CP is the controlling company of a group of companies, which is taxed in accordance with the Special Taxation Scheme for Groups of Companies, as provided for in article 69 of the Portuguese Corporate Income Tax Code. Apart from CP itself, such group includes the following affiliate companies: SAROS – Sociedade de Mediação de Seguros, Lda., and, since the 2014 financial year, Fernave – Formação Técnica, Psicologia Aplicada e Consultoria em Transportes e Portos, S.A., and Ecosaúde – Educação, Investigação e Consultoria em Trabalho, Saúde e Ambiente, S.A.

The CP Group did not account for deferred tax assets associated with the reporting of tax losses, as well as temporary impairments and provisions which have not been accepted for tax purposes, because the Group considers that there are no expectations that the aforementioned group of companies – which is under the special taxation scheme – will obtain future taxable profits enabling the use of CP's accumulated tax losses.

Similarly, deferred tax liabilities connected with reassessed fixed tangible assets (rolling stock) have not been accounted for in previous periods, since it is considered that there is no expectation of significant changes to the form of financing of the public transportation service and to the economic conditions that may result in a tax base that is enough to create assessment and, as a result, that gives rise to income tax payments.

The accounting result has been adjusted in order to reflect the estimated corporate income tax to be paid, associated with autonomous taxation, state surtax and municipal surtax.

Contingent Assets and Liabilities

Contingent Assets

A contingent asset is a possible asset resulting from past events and whose existence will only be confirmed by the occurrence, or otherwise, of one or more uncertain future events which are not entirely under the entity's control.

Contingent assets are not recognised in the financial statements but are disclosed in the attachment when it is likely there will be an inflow of economic benefits.

Contingent Liabilities

A contingent liability occurs when there is:

- A possible obligation resulting from past events and whose existence will only be confirmed by the occurrence, or otherwise, of one or more uncertain future events which are not entirely under the entity's control; or
- A current obligation of past events but which is not recognised because:
  - **(i)** it is unlikely there will be a need for an outflow of resources incorporating economic benefits in order to settle the obligation; or
  - **(ii)** the amount of the obligation cannot be measured with a sufficient degree of reliability.

Contingent liabilities are not recognised in the financial statements, though they are disclosed in the attachment to the corresponding statements, unless there is a remote possibility of an outflow of resources incorporating future economic benefits.

Subsequent Events

The financial statements set forth herein reflect the subsequent events occurred until the 07th of June 2021. The Management Board has approved such financial statements on the aforementioned date, as referred to in note 2.

Events occurred after the balance sheet date on conditions existing at the balance sheet date are considered in the preparation of the financial statements.

Material events after the balance sheet date which do not lead to adjustments are disclosed in note 45.

Value Judgements

The preparation of the financial statements in accordance with the IFRS requires that the managers express their judgment in the process of application of the company's accounting policies.

The value judgement made in the application process of the accounting policies, which can have the greatest impact in the recognised amounts in the financial statements, are the following:

- Provisions – the established provisions are accounted for by the best estimate of the expenditure required to settle the present obligation at the financial position statement date;
- Recoverability of debit balances of customers and other debtors – impairment losses relating to debit balances of customers and other debtors are based on the assessment of the likeliness of recovery of balances of accounts receivable, ageing of receivables, debt cancellation and other factors deemed relevant. There are certain circumstances and facts that could change the estimate of impairment losses of receivable balances vis-à-vis the considered assumptions. These changes may arise out of the economic environment, sectorial trends, the deterioration of the credit situation of main customers and significant defaults. This assessment process is subject to several estimates and judgements. Changes in these estimates may imply the establishment of different impairment levels, thus resulting in different impacts in results;
- Revenue recognition – upon the recognition of revenue it is assessed whether the necessary conditions to consider a transaction outcome as reliably estimated are met, allowing the application of the percentage of completion method. The percentage of completion method applied to the provision of services considers the total estimated expenses, an amount assessed by the operating part, by taking the work to be carried out and past experience in similar works into account. When the conditions necessary for considering a reliably estimated transaction outcome are not met, the extent to which the recognised expenses are recoverable is assessed. If there are no indicators showing a likeliness of recoverability of the expenses incurred, revenue is not recognised, and expenses incurred are recognised as expense;
- Impairment losses – when determining asset impairment losses, different criteria are applied depending on the state, ageing, nature/purpose of the assets, whereas such criteria reflect the loss in value;
- Profit taxes – there are several transactions and calculations for which the determination of the final amount of tax to be paid is uncertain during the ordinary business cycle. Other interpretations and estimates could result in a different level of profit taxes recognised in the period, whether current or deferred. In Portugal, the Tax Authorities are responsible for reviewing the calculation of the taxable amount, over a period of four years, in case of tax

losses carried forward. This way, corrections to the taxable amount could occur, mainly resulting from differences in the interpretation of tax legislation.

However, it is believed that there will be no significant corrections to profit taxes accounted for in the financial statements.

Main assumptions concerning the future

The financial statements were prepared based on the going concern principle regarding operations.

The Board of Directors considers it appropriate to prepare the financial statements based on continuity, considering the following factors:

- CP's Group operating situation presents sustainability, which indicates the existence of future sustainability factors;
- The signing of the public service agreement of rail transportation of passengers concluded with the Portuguese State on the 28th of November 2019;
- The State has granted all its support to the company, namely in what concerns the necessary support to the company's financing, with the aim of ensuring the debt service and the operation and investment needs; and
- It is also worth mentioning the importance of the service CP provides nowadays to the Portuguese economy, namely regarding the transport of passengers, as a factor of vital importance for the functioning of the economic activity, enhancing the need for the State to ensure, in possible adverse situations, the support necessary to the continuity of CP's Group.

Key sources of estimation uncertainty

The preparation of the financial statements in accordance with the IFRS requires the use of some important accounting estimates.

Estimates are based on the knowledge existing at any given moment and on the actions planned to be carried out, which are permanently reviewed based on the available information. Changes in the facts and circumstances may lead to the revision of the estimates, hence, actual future results can be different from estimates.

The main sources for estimate uncertainty at the balance sheet date, which have a significant risk of causing a material adjustment to the carrying values of assets and liabilities during the accounting period, are:

Useful Life of Fixed Tangible Assets

The useful life of an asset is defined in terms of the expected utility of the asset for the entity. The asset management policy of the entity may involve the disposal of assets after a specific period of time or after the consumption of a specified proportion of the future economic benefits incorporated in the asset. Therefore, the useful life of an asset may be shorter than its economic life. The estimated useful life of the asset is a matter of value judgment based on the entity's experience with similar assets.

Doubtful Collections

Impairment losses concerning doubtful credits are based on the assessment carried out by CP regarding the likelihood of recuperation of the balances of accounts receivable, old balances, debt annulments and other factors. There are certain circumstances and facts which might alter the estimates of impairment losses of balances of receivables vis-à-vis the considered assumptions, including alterations of the economic environment, of the sectorial trends, of the deterioration of the credit standing from the main customers, and of significant non-compliance. This assessment process is subject to several estimates and judgements. Changes in these estimates may imply the establishment of different impairment levels, thus resulting in different impacts in results.

Provisions

Provisions are liabilities of an uncertain amount or temporal event. Taking the principle of prudence into account, CP Group has created provisions whenever there is an obligation (legal or constructive), derived from a past event in which an outflow of resources to settle the obligation is likely and, thus, a reliable estimate of such obligation can be carried out. As to the establishment of provisions for legal proceedings, they require the use of judgment, based on the last known information at the time of preparation of the financial statements, namely regarding the likelihood of losing the legal proceedings and the estimated value of such loss. Changes in these estimates may imply impacts on results.

Impairments

The definition and application of criteria for determining asset impairments tries to guarantee the proximity of the asset value to its realisable value. Notwithstanding, the impairments determined by the application of these criteria may diverge from those that will be effectively determined at the end of the asset's useful life. It is especially worth mentioning the complexity of the criteria for determining the inventory impairments, considering their diversity, and the long period during which they can be used, specifically in the case of inventories held by the Group for rolling stock application within the scope of its maintenance/repair.

Non-Current assets held for sale

Non-current assets held for sale shall be recognised at the lowest value between their net book value and their fair value, deducted from disposal costs. In order to determine fair value, namely regarding rolling stock, and taking the absence of an active market into account, CP uses the amount from recent transactions with similar material as reference, adjusting that amount to the technical characteristics of the material and the existing demand. The existence and amount of impairment to be recognised is established based on the estimated selling cost, whereas the actual impact will only be known at the time of the effective sale of the assets – which may imply variations of significance in results.

AMENDMENTS TO STANDARDS WITH EFFECT AS OF JANUARY 1st, 2020

The amendments to the standards with effect as of January 1st, 2020 that may have an impact on the CP Group are as follows:

IAS 1 and IAS 8- 'Definition of material'

The amendments made clarify that mentioning unclear information has similar outcomes to omitting or distorting such information, being the entity responsible for assessing the materiality considering the financial statements as a whole. Clarifications are also made to the meaning of "main users on financial statements", these being defined as "current and future investors, funders and creditors" who depend on the financial statements for a significant part of the information they need.

There were no impacts arising from this amendment in the CP Group.

Conceptual Framework- 'Amendments in reference to other IFRS'

Resulting from the publication of the new Conceptual Framework, the IASB made amendments in the text of several norms and interpretations, as: IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, DIC 32, as to clarify the application of the new asset/liability and expense/income definitions, as well as some of the financial information characteristics. The amendment shall be applied retrospectively, except if impractical.

There were no impacts arising from this amendment in the CP Group.

IFRS3 – Definition of business

This amendment constitutes a revision of the business definition for the purpose of accounting for business combinations. The new definition requires an acquisition to include an input and a substantial process that jointly generates outputs. Outputs start being defined as goods and services that are provided to customers; that generate financial investment income and other income, excluding returns in the form of expense reductions and other economic benefits to shareholders. There also start to be allowed 'concentration test', which assess if a significant part of the fair value of transaction corresponds to a single asset. When positive, the acquired assets do not constitute a business and the entity is exempted from making any additional assessment to determine if it is a business combination. The adoption of this amendment is prospective.

There were no impacts arising from this amendment in the CP Group.

IFRS 9, IAS 39 and IFRS 7 – 'Reform of the reference interest rates – phase 1'

This amendment is related to the first phase of the "Reform of the reference interest rates" (examples: Euribor and Libor) that was a result of the financial crises. This amendment causes certain temporary and restricted exemptions related to the hedge accounting in the scope of IAS 39/IFRS 9 – Financial instruments, being their practical effect the non-discontinuing of the hedge accounting, in the cases in which the only amendment refers to the reference interest rate amendment. However, any ineffectiveness of the current hedging relationship must continue to be recorded in the income statement.

This amendment requires specific disclosures for the financial derivatives, for which these exemptions have been applied, in terms of nominal value, significant assumptions and applied judgements, as well as the qualitative disclosure of the impact of the reference rates amendment and how the entity is managing this process. The adoption of these amendments is made retrospectively. The entity must apply these amendments retrospectively to hedging relationships that existed in the beginning of the report period in which an entity first applies these amendments or that were subsequently designated as hedging, and to the gain and loss recognized in other comprehensive income existing in the beginning of the report period in which an entity first applies these amendments.

There were no impacts arising from this amendment in the CP Group.

Cash Flow (note 4)

The Cash Flow Statement is prepared using the direct method, through which gross cash flow receivables and payments in operating activities, either from investment or financing, are disclosed.

The Group classifies the paid interest and dividends as financing activities, and the received interest and dividends as investment activities.

As at the 31st of December 2020, all cash and cash equivalents balances are available for use.

Cash and Cash Equivalents Heading

The cash and cash equivalents heading comprises the following balances:

(amounts in euros)

Description	31 DEC 2020	31 DEC 2019
Cash	372 555	491 320
Cash Equivalents	33 763 741	39 963 369
Subtotal	**34 136 296**	**40 454 689**
Bank overdrafts (a)	(250 817)	(249 652)
Total	**33 885 479**	**40 205 037**

(a) the amount of bank overdrafts is recorded under loans obtained

Accounting Policies, Changes in Accounting Estimates and Errors (note 5)

There were no changes to report regarding accounting policies and estimates or errors with material impacts in the financial statements of the Group.

Fixed Tangible Assets (note 6)

At the end of 2020, the CP Group had fixed tangible assets organised by fixed asset categories, as shown in the following table:

		(amounts in euros)
Description	**31 DEC 2020**	**31 DEC 2019**
Gross Value:		
Land and natural resources	20 617 518	20 617 518
Buildings and other constructions	97 217 752	95 295 840
Basic equipment	1480 998 491	1426 711 289
Transport equipment	3 079 461	3 018 420
Administrative equipment	27 749 059	26 547 252
Other tangible fixed assets	63 258 794	63 837 393
Ongoing investments	7 696 160	1 476 695
Advance payments for investment purposes	313 973	196 138
Subtotal	**1 700 931 208**	**1 637 700 545**
Accumulated depreciation and impairment:		
Depreciation of the period	59 164 535	53 835 105
Accumulated depreciation of previous periods	**1 195 639 445**	**1 148 713 693**
Adjustments carried out against accumulated depreciations	33 359 025	(6 909 352)
Impairment losses of the period	**(548 477)**	**(814 416)**
Impairment losses of previous periods	4 179 584	4 994 000
Subtotal	**1 291 794 112**	**1 199 819 030**
Net book value	**409 137 096**	**437 881 515**

The movements in the fixed tangible assets heading throughout 2020 are summarised in the following table:

(amounts in euros)

Description	Opening Balance	Additions	Disposals	Assets classified as	Decommissioning	Transfers	Other Adjustments	Closing Balance
Gross Value:								
Land and natural resources	20 617 518	-	-	-	-	-	-	20 617 518
Buildings and other constructions	95 295 840	205 097	-	-	-	1 716 815	-	97 217 752
Basic equipment	**1 426 711 289**	317 138	-	39 727 956	(31 262)	11 301 091	2 972 279	1480 998 491
Transport equipment	3 018 420	60 564	-	-	-	-	477	3 079 461
Administrative equipment	26 547 252	202 976	-	-	(1 983)	1 000 614	200	27 749 059
Other fixed tangible assets	63 837 393	359 772	-	-	-	1 376 946	(2 315 317)	63 258 794
Ongoing investments	1 476 695	19 663 529	-	-	-	(15 395 466)	1 951 402	7 696 160
Advance payments for investment purposes	196 138	143 274	-	-	-	-	(25 439)	313 973
	1 637 700 545	**20 952 350**	**-**	**39 727 956**	**(33 245)**	**-**	**2 583 602**	**1 700 931 208**
Accumulated depreciation and impairment:								
Buildings and other constructions	49 329 274	2 531 284	-	-	-	-	-	51 860 558
Basic equipment	**1 069 225 620**	52 681 146	-	34 733 034	(31 262)	-	(1 340 765)	1155 267 773
Transport equipment	2 946 301	28 155	-	-	-	-	-	2 974 456
Administrative equipment	23 711 655	1 658 186	-	-	(1 983)	-	-	25 367 858
Other fixed tangible assets	50 426 597	2 265 764	-	-	-	-	-	52 692 361
Fixed Tangible Assets- Accumulated Impairment Losses- Basic equipm	4 179 583	(548 477)	-	-	-	-	-	3 631 106
	1 199 819 030	**58 616 058**	**-**	**34 733 034**	**(33 245)**	**-**	**(1 340 765)**	**1 291 794 112**
Total	**437 881 515**							**409 137 096**

The tangible fixed assets of the CP Group are measured at cost, being depreciated on a straight-line basis, according to useful lives specified in note 3.

The most significant investments performed in the financial year of 2020 relate essentially to occasional R1 and R2 repairs.

Accumulated depreciations mentioned in the addition's column are associated with the depreciation of assets, in accordance with their useful life, from which the depreciation of rolling stock stands out due to its weight.

As at December 31st, 2020, the following fixed tangible assets were granted as loan guarantee obtained by CP from Eurofima:

	(amount in euros)
Description	**Book Value**
Railcars	169 906 559
Total	**169 906 559**

INTANGIBLE ASSETS (NOTE 7)

Intangible assets of the CP Group relate essentially to the implementation of IT systems. There is no situation in which the asset has been internally developed, as per the following table:

		(amounts in euros)
Description	**31 DEC 2020**	**31 DEC 2019**
Gross Value:		
Investigation and development expenses	42 723	42 672
Computer programmes	517 792	517 792
Ongoing Intangible Assets	2 436	-
Subtotal	**562 951**	**560 464**
Accumulated amortisation and impairment:		
Amortisation of the period	84 960	104 170
Accumulated amortisation of previous periods	336 418	
Impairment losses of the period	-	(1 152 686)
Impairment losses of previous periods	-	1 384 936
Subtotal	**421 378**	**336 420**
Net book value	**141 573**	**224 044**

For amortisation purposes, the useful life of these assets is considered to be, as a rule, 3 years. However, this estimate is reviewed on an annual basis according to the expected use of the asset. Intangible assets are measured at cost and amortised by the straight-line method in twelfths starting on the date of entry into production of the asset.

The variation in the heading of intangible assets throughout 2020 is analysed as follows:

(amounts in euros)

Description	Opening Balance	Additions	Revaluations/ Impairments	Disposals	Assets held for sale	Decommissioning	Transfers	Closing Balance
Gross Value:								
Investigation and development expenses	42 672	-	51	-	-	-	-	42 723
Computer programmes	517 792	-	-	-	-	-	-	517 792
Ongoing Intangible Assets	-	2 436	-	-	-	-	-	2 436
	560 464	**2 436**	**51**	**-**	**-**	**-**	**-**	**562 951**
Accumulated amortisation and impairment								
Amortisation of the period	-	84 960	-	-	-	-	-	84 960
Accumulated amortisation of previous periods	336 418	-	-	-	-	-		336 418
	336 420	**84 960**	**-**	**-**	**-**	**-**	**-**	**421 378**
Total	**224 044**							**141 573**

The additions occurred in the period result from the purchase of computer software.

Assets Rights of Use (note 8)

At the end of 2020, the CP Group presented the following rights of use that met all the requirements in IFRS 16:

(amounts in euros)

Description	31 DEC 2020	31 DEC 2019
Gross Value:		
Use Right (Finance Leases - IFRS16)	14 568 074	14 313 059
Subtotal	**14 568 074**	**14 313 059**
Accumulated amortisation and impairment:		
Amortisation of the period	1 685 605	1 670 734
Accumulated amortisation of previous periods	1 670 734	-
Subtotal	**3 356 339**	**1 670 734**
Net Book Value	**11 211 735**	**12 642 325**

As well as the respective liabilities that result from the finance leases:

(amounts in euros)

Description	31-dez-20	31-dez-19
Non-current		
Liabilities for finance leases	9 763 374	11 202 675
Current		
Liabilities for finance leases	1 560 332	1 571 557
Total	**11 323 706**	**12 774 232**

These rights of use relate mainly to buildings and rolling stock.

Financial Holdings – Equity Method (note 9)

The particulars of the financial holdings in which the equity method applies are shown in the following table:

(amounts in euros)

Description	Type	31 DEC 2020			31 DEC 2019		
		Gross Value	Impairment	Net Amount	Gross Value	Impairment	Net Amount
SIMEF A.C.E.	Investiment	419 904	-	419 904	387 775	-	387 775
NOMAD TECH, LDA.	Investment	1 068 952	-	1 068 952	855 147	-	855 147
OTLIS, ACE	Investiment	342 236	-	342 236	529 613	-	529 613
TIP, ACE	Investiment	1 359 611	-	1 359 611	1 706 697	-	1 706 697
Total		3 190 703	-	3 190 703	3 479 232	-	3 479 232

The following movements in these financial holdings were made in 2020, as per the following table:

(amounts in euros)

	Opening Balance	Additions	Disposals	Equity Method	Other changes	Closing Balance
Gross Value						
SIMEF A.C.E.	387 775	-	-	419 904	(387 775)	419 904
NOMAD TECH, LDA.	855 147	-	-	213 805	-	1 068 952
OTLIS A.C.E.	529 613	-	-	69 968	(257 345)	342 236
TIP, ACE	1 706 697	-	-	(347 086)	-	1 359 611
Subtotal	**3 479 232**	**-**	**-**	**356 591**	**(645 120)**	**3 190 703**
Impairment	-		-	-	-	-
Subtotal	**-**	**-**	**-**	**-**	**-**	**-**
Total	3 479 232	-	-	356 591	(645 120)	3 190 703

During 2020, the reduction in the number of financial holdings results essentially from the decrease of the results of the associated companies Otlis and TIP.

The summarised financial information related to associated companies (amounts awaiting approval in meeting, which may not correspond to the final amounts) is as follows:

(amounts in euros)

Name of the associated company	% of the holding	Reference date	Assets	Liabilities	Equity	Income	Net result
SIMEF A.C.E.	51	31 DEC 2020	9 736 028	8 912 686	823 342	11 702 922	823 342
Nomad Tech Lda	35	31 DEC 2020	5 139 416	2 085 269	3 054 148	431 368	(440 796)
TIP, ACE	33	31 DEC 2020	17 408 118	12 745 214	4 662 904	4 407 429	(193 486)
OTLIS, ACE	14	31 DEC 2020	3 989 890	1 594 236	2 395 655	3 842 340	510 430

* This amount refers to the Net Result for the period between 01/07/2020 and 31/12/2020.
As previously mentioned, Nomad Tech closes its financial year on June 30 of each year.

Other Financial Investments (note 10)

CP's Group has financial holdings in several companies which are recognised at the cost without impairment losses, since the value of these holdings is not publicly negotiated and there is no possibility of obtaining their fair value in a reliable manner.

At the date of each period of financial reporting, CP's Group assesses the impairment of these financial assets, recognising an impairment loss in the income statement if there is objective evidence of such impairment.

The particulars of this heading are shown in the following table:

(amounts in euros)

Description	Method	31 DEC 2020			31 DEC 2019		
		Gross Amount	Impairment	Net Amount	Gross Amount	Impairment	Net Amount
CP Carga, SA	Aquisition cost	80 000	(80 000)	-	80 000	(80 000)	-
MLM, SA	Aquisition cost	12 721	(12 721)	-	12 721	(12 721)	-
METRO DO PORTO, SA	Aquisition cost	249 399	(249 399)	-	249 399	(249 399)	-
METRO-MONDEGO, SA	Aquisition cost	3 595	-	3 595	3 595	-	3 595
ICF	Aquisition cost	382 269	(382 269)	-	382 269	(382 269)	-
EUROFIMA	Aquisition cost	27 760 679	-	27 760 679	27 760 679	-	27 760 679
BCC	Aquisition cost	1 460	-	1 460	1 460	-	1 460
FUNDAÇÃO MUSEU NAC. FERROVIÁRIO	Aquisition cost	31 944	(31 944)	-	31 944	(31 944)	-
INEGI	Aquisition cost	2 500	(2 500)	-	2 500	(2 500)	-
TRANSCOM, S.A.	Aquisition cost	388 280	(163 083)	225 197	388 280	(120 179)	268 101
Work compensation fund		137 814	-	137 814	83 714	-	83 714
		29 050 661	(921 916)	28 128 745	28 996 561	(879 012)	28 117 549

Eurofima is a supranational organisation, under the corporate form, composed of public railway transportation companies. Eurofima was incorporated on November 20th, 1956, as a result of a treaty ("Convention") between the different adhering European member states. The articles of association of Eurofima determined that the "Convention" would last for 50 years after the establishment. However, in the extraordinary general meeting of February 1st, 1984, the extension of the Convention term was approved by all Member states for a further 50 years, i.e., until 2056.

The amount accounted for in the holding of Eurofima corresponds to a subscription of 52 thousand Swiss Francs at the date of initial capital subscription and subsequent capital increases. CP, as well as all the other shareholders of Eurofima, only paid 20% of that amount, and the remaining 41.6 thousand Swiss Francs are still payable. The shareholders can be requested to pay said amount at any moment and unconditionally.

The movement of these financial holdings in 2020 is analysed in the following table:

(amounts in euros)

	Opening Balance	Additions	Disposals	Fair Value	Other Changes	Closing Balance
Gross Value						
CP Carga, SA	80 000	-	-	-	-	80 000
MLM, SA	12 721	-	-	-	-	12 721
METRO DO PORTO, SA	249 399	-	-	-	-	249 399
METRO-MONDEGO, SA	3 595	-	-	-	-	3 595
ICF	382 269	-	-	-	-	382 269
EUROFIMA	27 760 679	-	-	-	-	27 760 679
BCC	1 460	-	-	-	-	1 460
FUNDAÇÃO MUSEU NAC. FERROVIÁRIO	31 944	-	-	-	(31 944)	-
INEGI	2 500	-	-	-	-	2 500
TRANSCOM, S.A.	388 280	-	-	-	-	388 280
Work compensation fund	83 714	54 100	-	-	-	137 814
	28 996 561	**54 100**	**-**	**-**	**(31 944)**	**29 018 717**
Impairment						
CP Carga, SA	(80 000)	-	-	-	-	(80 000)
MLM, SA	(12 721)	-	-	-	-	(12 721)
METRO DO PORTO, SA	(249 399)	-	-	-	-	(249 399)
ICF	(382 269)	-	-	-	-	(382 269)
FUNDAÇÃO MUSEU NAC. FERROVIÁRIO	(31 944)	-	-	-	31 944	-
INEGI	(2 500)	-	-	-	-	(2 500)
TRANSCOM, S.A.	(120 179)	-	-	-	(42 904)	(163 083)
	(879 012)	**-**	**-**	**-**	**(10 960)**	**(889 972)**
Total	28 117 549	54 100	-	-	(42 904)	28 128 745

The main change in this heading, during the financial year of 2020, is related to the discounts required by law for the work compensation fund, through new work agreements entered into by the company.

Income Tax (note 11)

CP is the controlling company of a group of companies, which is taxed in accordance with the Special Taxation Scheme for Groups of Companies, as provided in article 69 of the Portuguese Corporate Income Tax Code. Apart from CP itself, such group includes the following affiliate companies: SAROS – Sociedade de Mediação de Seguros, Lda., Fernave – Formação Técnica, Psicologia Aplicada e Consultadoria em Transportes e Portos, S.A., and Ecosaúde – Educação, Investigação e Consultoria em Trabalho, Saúde e Ambiente, S.A.

Although the public service contract was concluded in 2019, it doesn´t seem that the CP Group will, in a near future, obtain taxable profits that allow the accumulated tax losses to be used. For this reason, CP doesn´t account deferred tax assets related to the report of tax losses and impairments and temporary provisions not accepted for tax purposes.

At the end of 2020, the total deductible tax losses of the CP Group amounted approximately to 252,6 million euros, which may be used between 2020 and 2030.

Likewise, no deferred tax liabilities related to revaluated fixed tangible assets (rolling stock) were accounted for in previous periods.

The consolidated accounting result has been adjusted in order to reflect the estimated Corporate Income Tax to be paid with the Autonomous Taxation, as detailed in the table below:

		(amounts in euros)
Company	**31 DEC 2020**	**31 DEC 2019**
CP	(312 115)	(740 864)
Fernave	(6 548)	(7 943)
Ecosaúde	(10 732)	(6 932)
Emef	-	(340 608)
Saros	(5 848)	(6 169)
Total	**(335 243)**	**(1 102 516)**

Inventories (note 12)

As at December 31st, 2020, the CP Group presented the following amounts of inventory, detailed by classification:

(amounts in euros)

Description	31 DEC 2020	31 DEC 2019
Gross Value:		
Goods	188 242	-
Raw, auxiliary and consumable materials	47 996 886	44 154 805
Finished and intermidiate products*	3 935 107	748 036
Products and ongoing works	793 346	
Advance payments for purchasing purposes	-	596 347
	52 913 581	**45 499 188**
Accumulated impairments		
Imapirments of the period	(4 919 449)	4 201 490
Impairments of previous periods	(11 362 319)	(15 563 809)
	(16 281 768)	**(11 362 319)**
Net Book Value	**36 631 813**	**34 136 869**

*internal and rotable fabrications

The raw, auxiliary, and consumable materials heading increased compared to the previous year. This increase results from an increase on the purchase volume when compared to the same period of the previous year.

It should also be noted that there was an increase in the finished and intermediate products item, partly as a result of the spares integration, materials that relate to parts removed from rolling stock for repair and subsequent application in active series.

The recognition of inventory impairments presented the following changes:

(amounts in euros)

Description	Opening Balance	Uses	Losses	Reversal	Closing Balance
Impairments of inventories					
Raw, auxiliary and consumable materials	(11 150 561)	-	(4 614 101)	-	(15 764 662)
Finished and intermediate products	(211 758)	-	(305 348)	-	(517 106)
Fabrications	211 761	-	(88 955)	-	122 806
Rotables	-	-	(216 393)	-	(216 393)
Total	**(11 362 319)**	**-**	**(4 919 449)**	**-**	**(16 281 768)**

Inventory Impairment losses related to raw, auxiliary, and consumable materials and those related to finished and intermediate products arise essentially from the passenger transportation and rolling stock maintenance and repair areas.

For the calculation of inventory impairment, the Group assesses half-yearly the need for impairment recognition in respect to its inventories.

Until 2011, the base standard for assessing the impairment of these materials was the non-rotation for more than 5 years - and it was applied to all inventory in storage.

Since the financial year of 2012 and bearing into account the durability of most of the parts used for repairs of rolling stock, the company opted to assess more thoroughly the impairment of this universe of assets. In order to do so, the impairment of storage parts of rolling stock was calculated in accordance with the estimated useful life of the series of material with which the parts were associated, which enabled the identification of the actual obsolete materials and of those without use.

The criterion for the determination of inventory impairments is summarised below:

Materials with rolling stock application

For the parts used in CP's rolling stock repairs, and given the resistance of such parts, the impairment is calculated according to the estimated useful life of the material series to which they were associated, which allows the identification of the actual obsolete materials and of those without use.

Materials with rolling stock application of external customers

The calculation of the warehouse parts impairment is, in general, based on the number of years remaining until the end of the respective contracts. The criterion for determining impairment is applied if the inventories are also usable in CP rolling stock series.

Repairable spares

These materials relate to parts removed from the rolling stock for repair and subsequent application in active series. In these circumstances, impairment is determined based on the longest estimated residual commercial useful life among the rolling stock series where the parts may be applied and/or the series where the parts may have the greatest application.

Remaining materials

For impairment determining purposes, for the remaining miscellaneous materials, the criterion of not-movement for over 5 years is applied, for the identification of obsolete materials and without use.

Regarding impairments of inventories with rolling stock application (series CP or its customers), besides the allocated impairment based on the remaining residual useful life, an additional impairment of 25% is considered for the inventories that had no movement in more than 10 years, with an additional 5% increase for each year without movement, and reaching the maximum value of 75%, in case there was no movement in more than 20 years. The definition of the 10-year period for the beginning of this additional impairment allocation results of it being expected that, in 10 years, the material will have a complete cycle of interventions, being consumptions of the different materials expected to occur in that time period.

Bearing in mind the application of this criteria, an impairment loss of around 4,9 million euros was recognised in 2020, as identified in the following table:

Customers (note 13)

As at the 31st of December 2020, the heading of customers had the following amounts:

		(amounts in euros)
Description	**31 DEC 2020**	**31 DEC 2019**
Gross Amount:		
Current account Customers		
General	3 895 479	12 682 509
Associated companies	235 046	-
Joint ventures	183 932	-
Other related parties	1472	-
Customers - accumulated impairment losses	6 529 660	3 105 689
Subtotal	**10 845 589**	**15 788 198**
Accumulated Impairment		
Impairment losses of the period	(3 559 893)	(664 681)
Impairment losses of previous periods	(2 969 767)	(2 305 086)
Subtotal	**(6 529 660)**	**(2 969 767)**
Net Book Value	**4 315 929**	**12 818 431**

In 2020, the heading of clients presents a decrease when compared to the same period of the previous year of around 8,5 million euros, resulting from the collection effort made. Notwithstanding, there was a need for the constitution of impairment for the outstanding amount related to the co-funding of subsidised transport cards (4-18, sub-23 and social +), related to the financial years of 2018 and 2019.

The movements of impairment losses are analysed as follows:

					(amounts in euros)
Description	**Opening Balance**	**Losses**	**Uses**	**Reversals**	**Closing Balance**
Impairment losses					
General customers	(2 969 767)	(3 562 387)	203	2 291	(6 529 660)
Total	**(2 969 767)**	**(3 562 387)**	**203**	**2 291**	**(6 529 660)**

State and Other Public Entities (note 14)

The heading State and other public entities is analysed as follows:

(amounts in euros)

Description	31 DEC 2020	31 DEC 2019
Asset		
Income tax	238 963	754 358
Special payment on account	167 451	551 717
Withholding tax	59 275	116 033
Withholding tax-Dependent	12 237	86 608
VAT	7 134 218	8 377 280
VAT receivable	7 134 218	7 191 038
VAT requested refunds	-	1 186 242
Other taxes	173 845	42 895
Social Security contributions CNP [National Pensions Centre]	173 799	42 841
DGI-FCT	46	54
Total	**7 547 026**	**9 174 533**
Liability		
Income Tax	379 757	1 386 700
Income Tax	335 243	1 102 516
Income Tax withholdings	44 514	284 184
VAT	82 337	626 953
VAT payable	82 337	626 953
Other Taxes	25 997	562 371
Social Security contributions	19 838	562 371
Other Taxes	6 159	-
Total	**488 091**	**2 576 024**

In 2020 there was a decrease of the VAT- refunds requested compared to 2019 motivated essentially by the reduction of company activity due to the COVID-19 pandemic, but also by the increase of the output tax resulting from the monthly invoicing of the service provision under the public service contract.

The tax estimate for 2020 has suffered a significant reduction through the autonomous taxations.

Other accounts receivable (note 15)

The heading of other accounts receivable is analysed as follows:

(amounts in euros)

Description	31 DEC 2020	31 DEC 2019
Gross Amount:		
Advance payments to suppliers	678 939	1 652 132
Current acount Suppliers - debit balance	43 793	
Other	105 139	501 830
Other debtors - Employees	98 447	111 636
Sundry debtors - current accounts	9 032 976	9 167 905
Debtors by income accruals	1 682 324	4 191 781
Subtotal	**11 641 617**	**15 625 284**
Accumulated impairment		
Impairment of the period - other debts to third-parties	(64 595)	(352 964)
Impairment of previous periods - other debts to third-parties	(4 520 582)	(4 167 618)
Subtotal	**(4 585 177)**	**(4 520 582)**
Net Book Value	**7 056 440**	**11 104 702**

The movements of impairment losses are analysed as follows:

(amounts in euros)

Description	Opening Balance	Losses	Use	Reversals	Closing Balance
Impairment losses					
Other third party debts	(4 520 582)	(354 346)	-	289 751	(4 585 177)
Total	(4 520 582)	(354 346)	-	289 751	(4 585 177)

Deferrals (note 16)

The following table shows the amounts accounted for in the heading of deferrals:

(amounts in euros)

Description	31 DEC 2020	31 DEC 2019
Asset		
Expenses to be recognised		
Deferrals - recognised expenses - other - miscellaneous	1 091 217	938 644
Deferrals - recognised expenses - insurance	13 996	498 177
Deferrals - recognised expenses - rents	9 539	11 494
Total	1 114 752	1 448 315
Liability		
Income to be recognised		
Deferrals - recognised income - investment grants	93 141 300	103 745 416
Deferrals - recognised income - invoicing for accounting - work to be carried out	614 772	589 823
Deferrals - recognised income - other deferrals - recognised income	24 680	36 570
Total	93 780 752	104 371 809

As far as assets are concerned, this heading covers the various insurance premiums borne by the company at the end of the year, before the period of incidence thereof, which report to the first quarter of the following year. The main insurances constituting the balance of this heading relate to insurance for accidents at work, health, multi-risk, and civil liability.

Regarding liabilities, the amount presented reflects the income to be recognized from the maintenance and repair of rolling stock. Concretely, the invoicing for work to be done issued in accordance with the established contractual conditions.

The amount of the heading of investment grants essentially concerns grants received for rolling stock, whereas decreases accounted for in this element of the capital, of allocation, result in income of the financial year, in a systematic and rational basis during the useful life of the asset, of a part of that grant, in the same proportion in which the depreciations are recognised.

The particulars of the heading of allowances are shown in the following table:

(amounts in euros)

	31 DEC 2020	31 DEC 2019
Envirnomental Fund_ Aqui. 12 Auto. BiModo and 10 Elec	(4 565 785)	(4 565 785)
Tranf investm - CPA 4005 and CPA 4007	-	(1 832 212)
PIDDAC Grants	(36 597 995)	(40 786 212)
FEDER Grants	(49 883 677)	(56 176 912)
IGCP Grants	(1 709 548)	-
Other Grants (including CEF)	(384 295)	(384 295)
Total	(93 141 300)	(103 745 416)

Non-Current Assets Held for Sale (note 17)

One of the goals of the Group is to dispose of assets unnecessary to its activity. These assets mainly include buildings and rolling stock. In that sense, top management is committed to the development of actions which allow the conclusion of those disposals through the prospection of eventual stakeholders, either in the domestic market or in the foreign market.

Despite some of these assets being classified as non-current assets held for sale for over a year, it is believed they must remain in this heading of asset since their amount can be recovered, not through usage, but through sale, and the top management is strongly committed to the development of efforts for that purpose.

The following table summarises, by asset class and its net book value, the non-current assets held for sale:

(amounts in euros)

Description	31 DEC 2020	31 DEC 2019
Assets		
Land and natural resources	84 031	84 031
Buildings and other constructions	175 369	175 369
Basic equipment	2 443 126	4 185 605
Total	**2 702 526**	**4 445 005**

Assets classified as held for sale are valued at the lowest amount between their book value and their net realisable value.

On a half-yearly basis, the occurrence of impairments in these assets is assessed and, whenever necessary, adjustments of amounts which have already been recognised are performed.

After the establishment of these impairments, rolling stock classified in the non-current assets held for sale category got a value set to zero in the company's accounts, if one considers the sum of the grants to be recognised and the scrap value, as per the particulars below reported as at the 31st of December 2020:

(amounts in euros)

Description	Book Value (1)	Allowances to be recognised (2)	Scrap Value (3)	Impairment (4)	(1)+(2)+(3)+(4)
Several Series	6 631 765	(1 741 854)	(701 272)	(4 188 639)	-

In 2020, CP Group did the rehabilitation of rolling stock that was classified as non-current asset held for sale for its reallocation to the operation, which originated in a reclassification in fixed tangible asset, in an amount of around 5 million euros, and an impairment reversal, in the approximate amount of 3,3 million euros. The depreciations related to the period in which they were suspended due to the classification as non-current asset held for sale were equally recognized.

Subscribed Capital (note 18)

In accordance with the legislation which defines CP's Statutes, the capital of the company is entirely held by the Portuguese State and is meant to meet the company's permanent needs.

Between 2015 and 2019, joint orders from the Sector and Financial Ministries determined an increase of about 2.000 million euros to the capital of CP, having it been subscribed during the corresponding years.

These amounts were meant to cover the needs arising from debt service (amortisations, interest, and other costs), investment and personnel expenses related to the historical agreement on variables.

During the financial year of 2020, there were no capital increase operations, presenting the company with reference to December 31st, 2020 a capital of 3.959.489.351 euros, which is fully subscribed by the Portuguese State.

Legal Reserves (note 19)

In accordance with article 295 of the Portuguese Commercial Companies Code and in accordance with article 30 of Decree-Law no. 137-A/2009 from June 12th, amended by Decree-Law no. 59/2012 from March 14th and by Decree-Law no. 124-A/2018 from December 31st that defines CP's Statutes, the company must have reserves and funds deemed necessary, and the constitution of legal reserve in the amount of 5% of the profits of each financial year is mandatory. The legal reserve may be used in the hedging of losses of the financial year.

During the period, legal reserves were not strengthened, nor were they used for hedging losses.

Other Reserves (note 20)

This heading accounts for the statutory reserve corresponding to the amount of the Amortisation and Renovation of Rolling Stock Fund as at December 31st, 1974.

The Amortisation and Renovation of Rolling Stock Fund was meant for the renovation of rolling stock, as foreseen in article 16 of the Concession Contract of 1951 between the State and "Companhia dos Caminhos de Ferro Portugueses", and it concerned the surplus of revenues from the Fund on investments funded thereby.

Results Brought Forward (note 21)

The variation of the results brought forward concerns essentially:

- The transfer of the net income of the previous financial year for results brought forward.

However, the movements set forth in the following table also contribute to this variation:

(amounts in euros)

Reconciliation of the consolidated result brought forward		
Results brought forward in 2020		(5 828 618 157)
Results brought forward in 2019	(5 776 323 289)	
+ Net Result of the 2019 period	(52 501 954)	(5 828 825 243)
Movements of 2020 directly into Results brought forward:		207 086

Adjustments/Other Changes in Equity (note 22)

The particulars of this heading are analysed as follows:

(amounts in euros)

Description	31 DEC 2020	31 DEC 2019
Financial restructuring	91 357 368	91 357 368
Transitional adjustments	132 640	132 640
Total	91 490 008	91 490 008

The financial restructuring heading reflects the liability assumed by the State in accordance with the Protocol from August 24th, 1993, concerning debts payable to the Tax Authority, to the General Directorate of Treasury and to the Banking System amounting to 97,975,959 euros, and the use in the settlement of the remaining outstanding amount by the State of 6,618,591 Euros, as a result of the financial repair carried out in the scope of Decree-Law no. 361/85.

Provisions (note 23)

The movement in the heading of provisions is analysed as follows:

(amounts in euros)

Description	Opening Balance	Additions	Uses	Reversals	Closing Balance
Ongoing legal actions	1 253 219	328 440		-	1 581 659
Railway accidents	3 036 095	-		293 234	2 742 861
Work accidents and occupational illnesses, and other provisions	11 778 931	199 952	656 438	-	11 322 445
Total	16 068 245	528 392	656 438	293 234	15 646 965

The changes registered in the provisions heading, during the financial year of 2020, arise from the estimated outcome of ongoing legal actions and of railway accidents, and of actuarial evaluation of work accident pension liabilities.

Liabilities for work accidents and occupational illnesses were calculated based on the actuarial assessment of the liabilities of the company as at December 31st, 2020, with pensions for work accidents occurred until December 31st, 1999. This calculation was carried out by a third party (CGD PENSÕES).

The increases or decreases in liabilities arising from changes to the granted benefits are recognised as expenses or income in the period in which they occur.

The methodology and financial and actuarial assumptions of the assessment of liabilities are the following:

Calculation method: For the valuation of liabilities regarding retired staff with occupational accident pensions, the current value of immediate lifetime income annuities was calculated.

Discount rate: 0.75%.

Pensions' Growth rate: 1.0%.

Mortality Tables: The French table TV 88/90 was used.

Period for payment of occupational accident pensions: Life annuities.

Effective date of the calculations: December 31st, 2020.

Loans Obtained (note 24)

At the end of the period of 2020, the heading of loans obtained had the following particulars:

		(amounts in euros)
Description	**31 DEC 2020**	**31 DEC 2019**
Non-current		
Credit institutions and financial companies		
Bank loans	32 533 333	56 333 334
Bond loans	200 000 000	200 000 000
Applic. of Effective Rate Bond Loans	(4 983 183)	(5 430 936)
Other funders	153 000 000	534 514 000
Total	**380 550 150**	**785 416 398**
Current		
Credit institutions and financial companies		
Bank loans	23 800 000	37 693 333
Bond loans	-	-
Applic. of Effective Rate Bond Loans	-	-
Bank overdrafts	250 817	249 652
Other funders	1 727 756 000	1 243 542 000
Total	**1 751 806 817**	**1 281 484 985**

The increase in about 65 million euros registered in the financing obtained is a result, on one hand of a loan contracted with DGTF, in the amount of 73,1 million euros, which resulted from the need to compensate the effects of revenue shortfalls caused by the COVID-19 pandemic, and, on the other hand, of the amortisation of EIB's loan, in the amount of 8,1 million euros.

The heading of loans obtained, by maturity, excluding bank overdrafts, is analysed as follows:

		(amounts in euros)
Description	**31 DEC 2020**	**31 DEC 2019**
Loans obtained		
Bank loans		
Up to 1 year	23 800 000	37 693 333
From 1 to 5 years	32 533 333	56 333 334
Over 5 years	-	-
Bond loans		
Up to 1 year	-	-
Applic. of Effective Rate Bond Loans	-	-
From 1 to 5 years	-	-
Applic. of Effective Rate Bond Loans	-	-
Over 5 years	200 000 000	200 000 000
Applic. of Effective Rate Bond Loans	(4 983 183)	(5 430 936)
Other funders		
Up to 1 year	1 727 756 000	1 243 542 000
From 1 to 5 years	153 000 000	534 514 000
Over 5 years	-	-
Total	**2 132 106 150**	**2 066 651 731**

Other debts payable (note 25)

The heading of other accounts payable is analysed as follows:

		(amounts in euros)
Description	**31 DEC 2020**	**31 DEC 2019**
Non-current		
Creditors by expenditure accruals	-	-
Total	**-**	**-**
Current		
Investment fund providers	648 562	972 135
Creditors by outstanding subscriptions	38 439 256	38 254 752
Other debtors and creditors	1 833 397	12 466 911
Creditors by expenditure accruals	114 946 274	107 323 808
Total	**155 867 489**	**159 017 606**

Although this item presents a decrease of 3,2 million euros when compared to the previous financial year, there is a very accentuated reduction in the other creditors (10,6 million euros), which is compensated by the increase in creditor balances due to expense accruals (7,6 million euros).

Relatively to the other creditors the reduction is explained by the debt settlement at the end of 2020, with the company "Infraestruturas de Portugal".

The variation that is observed in the creditors due to expense accruals is justified essentially by the increment in the specialized values with financing interest to be paid.

The creditors' balance by outstanding subscriptions concerns the subscribed and unpaid capital of affiliate Eurofirma as already mentioned in note 10.

Suppliers (note 26)

The heading of suppliers shows the following particulars:

		(amounts in euros)
Description	**31 DEC 2020**	**31 DEC 2019**
Suppliers current account		
General	6 720 969	10 091 252
Invoices received and pending approval	719 605	267 189
	7 440 574	**10 358 441**

As of December 31st, 2020 and compared with the same period of the previous year, there is a decrease in the overall balance of the heading of suppliers.

ADVANCE PAYMENTS FROM CUSTOMERS (NOTE 27)

This heading has the following amounts:

		(amounts in euros)
Description	**31 DEC 2020**	**31 DEC 2019**
Advance payments from customers		
Fernave customers	374 000	374 000
	374 000	**374 000**

The promissory agreement of purchase and sale entered into in 2014 regarding the DUAT [Right to Use and Benefit from the Land] of the building called "Talhão n.º 262", that Fernave holds in Mozambique, and for which a down payment was received in the amount of 374 thousand euros, is still in effect.

Provided Sales and Services (note 28)

Provided sales and services have the following particulars:

		(amounts in euros)
Description	**2020**	**2019**
Provided services		
Passengers net of discounts and rebates in sales	150 899 240	273 849 969
Maintenance and repair of rolling stock	15 475 069	21 622 533
Other	7 326 174	8 910 780
Total	**173 700 483**	**304 383 282**

We highlight the reduction registered in the Group CP service provisions, with a reduction in the provision of passenger services, in around 123 million euros, as a result of the pandemic caused by COVID-19. This negative impact was further aggravated by the contribution of the remaining services, essentially the repair and maintenance services, where there is a negative variation of 6 million euros.

Operating Subsidies (note 29)

Operating allowances recognised as income in the financial years of 2020 and 2019 are identified in the following table:

		(amounts in euros)
Description	**2020**	**2019**
Operating subsidies:		
Compensatory allowances	-	40 000 000
Public Service Contract	88 101 529	
IEFP Training	-	3 543
Shift2Rail Allowances	25 855	4 472
Total	**88 127 384**	**40 008 015**

In accordance with the provisions of the Portuguese Official Gazette no. 177/2019, 1st series, from September 16th, the company received 40 million euros of compensatory allowances in 2019.

The public service contract signed on November 28th, 2019, between the State and CP was approved by the Court of Auditors on June 26th, 2020. Thus, as a result of the contract formalisation, financial compensations previously agreed with the State were paid to CP in 2020, without prejudice to any settlements that may be determined and agreed between the parties, as foreseen in the contract, resulting from the reconciliation of CP's public service reconciliation effectively provided and the consequent costs incurred, and revenues collected.

Gains/losses attributed to subsidiaries, associated companies and joint ventures (note 30)

The gains/losses attributed to subsidiaries, associated companies and joint ventures show the following particulars:

		(amounts in euros)
Description	**2020**	**2019**
Losses		
Application of the equity method	-	-
Gains		
Application of the equity method	356 591	1 591 428
Other	191 579	-
Total	**548 170**	**1 591 428**

The decrease in gains allocated to subsidiaries, associated companies and joint ventures, is due to the reduction in the results of the companies of the Group, namely TIP and OTLIS.

CHANGES IN PRODUCTION INVENTORIES (NOTE 31)

(amounts in euros)

	2020	2019
Closing Inventories		
Finished and intermediate products	3 935 258	748 036
Products and ongoing work	793 346	
Opening Inventories		
Finisehd and intermediate products	748 036	851 777
	3 980 568	(103 741)

The main changes in production inventories are explained in Note 12 – Inventories.

OWN WORK CAPITALISED (NOTE 32)

The heading Own work capitalised accounts for works carried out by the rolling stock maintenance component and is analysed as follows:

(amounts in euros)

Description	2020	2019
Own work capitalised - ongoing fixed tangible assets	14 047 696	11 263 629
Total	14 047 696	11 263 629

Capitalised production costs relate to rolling stock maintenance and repair, particularly the occasional R1 and R2 repairs.

Sold Commodities and Consumed Materials Costs (note 33)

Sold commodities and consumed materials costs are as follows:

(amounts in euros)

Description	2020	2019
Goods	316	
Raw, auxiliary and consumable materials	22 695 225	26 425 843
	22 695 541	26 425 843

The decrease in the amount of 3,7 million euros results from the reduction of the fuel consumption expenses, of around 1,8 million euros, which is mainly due to the decrease in the provision of rail passenger transport services, but also of the reduction of the material consumption for the provision of repair and maintenance of rolling stock services, of around 1,3 million euros, facts related to the pandemic situation caused by COVID-19.

External Services and Supplies (note 34)

The heading of external services and supplies has the following particulars:

(amounts in euros)

Account	Designation	2020	2019
621	Sub-agreements	24 654 762	29 352 900
622/626	Specialised works and other	85 006 343	89 468 629
	(including the infrastructure charge)	50 446 957	56 848 060
623	Materials	13 712	708 415
624	Energy and fluids	20 686 781	25 187 692
625	Travels, accomodation and transport	674 191	3 600 574
		131 035 790	148 318 210

In 2020, there was a decrease in the external supplies and services item, in the amount of 17,3 million euros. This decrease was mainly due to:

- The reduction of expenses registered in sub-agreements of 4,7 million euros, where a reduction of 3,5 million euros resulting from the CP Renfe agreement stands out;
- The pandemic situation and the inherent decrease of passengers' transport services resulted in a decrease of the expenses on the infrastructure charge, which was of around 6,4 million euros, and on electricity, of around 4 million euros.

The reduction of expenses with travels, accommodation, and transport by 2,9 million euros is also noteworthy.

Personnel Expenses (note 35)

The heading of personnel expenses has the following particulars:

		(amounts in euros)
Description	**2020**	**2019**
Remuneration of governing bodies	585 001	535 354
Remunerations of personnel	108 666 936	106 224 706
Compensations	139 875	1 189 415
Charges on remuneration	24 320 129	23 979 161
Insurance for work accidents and occupational illnesses	4 011 807	3 957 706
Social action expenses	302 051	419 112
Other personnel expenses	399 167	556 143
Total	**138 424 966**	**136 861 597**

There is an increase in staff expenses compared to 2019, which results essentially from the implementation of the Labour Company Agreements.

The decrease of expenses with indemnities, due to the fact that the number of terminations by mutual agreement has decreased in comparison with the same period of the previous year, is also noteworthy.

IMPAIRMENT OF NON-DEPRECIABLE NON-AMORTISABLE INVESTMENTS (NOTE 36)

The particulars of this heading are shown in the following table:

		(amounts in euros)
Description	**2020**	**2019**
Losses		
In financial investments	(42 904)	
Non-current assets held for sale	-	(679 963)
Reversals		
In financial investments	-	4 140
Non-current assets held for sale	3 485 991	214 574
	3 443 087	**(461 249)**

In 2020, there was a reversal of impairments of non-depreciable/amortisable investments of around 3,5 million euros, which results essentially from the recovery for the passenger transport service of rolling stock that was inoperable.

Other Income (note 37)

The heading of other income has the following particulars:

		(amounts in euros)
Description	**2020**	**2019**
Supplementary Income	3 454 334	6 666 774
Cash discounts obtained	1 477	1 465
Inventory gains	13 625	131 601
Remaining financial assets	1 656 483	1 846 715
Non-financial investments	38 914	499 400
Other	16 150 648	12 914 999
	21 315 481	**22 060 954**

The other income heading presents a very slight reduction compared to the same period of the previous year, in the amount of 0,7 million euros, to which contributed mainly:

- The reduction of supplementary income, in the amount of 3,2 million euros, with special focus on the concession of premises and on the sale of cards for tickets and subscriptions, due to the decrease of passenger transport services as a result of the COVID-19 pandemic;
- The negative impact mentioned in the previous point was compensated by the increase in the others heading, by the recognition of excess of the group's tax estimate, in the amount of 1,5 million euros, and by the tax refund that had been unduly withheld from the group by the Tax Authority between the financial years of 2000 and 2003, in the amount of 0,7 million euros.

Other Expenses (note 38)

The heading of other expenses and losses has the following particulars:

		(amounts in euros)
Description	**2020**	**2019**
Taxes	324 553	254 432
Bad debts	-	4 685
Inventory losses	118 536	152 374
Non-financial investments	52 461	236 274
Other	7 766 372	7 757 831
	8 261 922	**8 405 596**

Expenses/Reversal of Depreciation and Amortisation (note 39)

The heading expenses/reversal of depreciation has the following amounts:

		(amounts in euros)
Description	**2020**	**2019**
Expenses		
Fixed tangible assets	59 164 536	53 844 808
Intangible assets	84 960	104 170
IFRS 16	1 685 605	1 670 734
Reversals		
Fixed tangible assets	-	9 703
Intangible assets	-	-
	60 935 101	**55 610 009**

This heading shows an increase in the amortisations/ depreciations of fixed tangible assets, as a result of the reclassification of some rolling stock, from non-current assets held for sale to fixed tangible assets, resulting from their reallocation to commercial activity, with the consequent recognition of depreciation for the time elapsed since their classification as non-current assets held for sale.

Impairment of Depreciable and Amortisable Investments (note 40)

The heading of impairment of depreciable/amortisable investments has the following amounts:

		(amounts in euros)
Description	**2020**	**2019**
Losses		
Fixed tangible assets		
Reversals		
Fixed tangible assets	548 477	814 416
Total	**548 477**	**814 416**

The value registered in 2020 refers to the reversal of impairment losses on rolling stock (locomotives).

Interest and Similar Income Gained (note 41)

The heading of interest and similar income gained is analysed as follows:

		(amounts in euros)
Description	**2020**	**2019**
Interest gained	6 216	192 287
	6 216	**192 287**

Payable Interest and Similar Expenses (note 42)

The heading of payable interest and similar expenses shows the following amounts:

		(amounts in euros)
Description	**2020**	**2019**
Interest charges	28 946 337	53 121 883
Other expenses and losses	1 959 829	2 984 697
	30 906 166	**56 106 580**

In the financial year of 2020, the heading of interest and incurred financial costs shows a decrease of around 25,2 million euros in comparison with the same period of the previous year, which is mainly due to the reduction of interest bearing-liabilities of the CP Group, as well as the historically low levels of market interest rates.

Guarantees and Sureties (note 43)

	(amounts in euros)
Garantees and surities provided to CP Group:	
- By the State	56 333 333

	(amounts in euros)
Garantess and surities provided by the CP Group:	
- In favor of third parties	3 666 202

Remuneration of the Certified Public Accountant (Note 44)

The company Oliveira, Reis & Associados – SROC, Lda. has annual fees, within the scope of the revision and legal certification of the individual and consolidated accounts of CP, amounting to 21,500 Euros, plus VAT at the legal rate in force.

The company Ribeiro, Rigueira, Marques, Roseiro & Associados, SROC, Lda. has annual fees, within the scope of the audit of the individual and consolidated accounts of CP, amounting to 11,700 Euros, plus VAT at the legal rate in force.

Relevant Events after the Statement of Financial Position Date (note 45)

The following events should be noted:

- At this date is not yet possible to quantify all the additional impacts that the pandemic caused by the COVID-19 virus may cause to the CP Group, due to the unpredictability of this situation continuing. It should be noted, however, that the strong fall in the use of rail transport continued in the first quarter of the year, with a direct impact on the company's revenues.

- We are not aware of any situation that as a result of the pandemic scenario should be reflected in the financial statements as at December 31st, 2020, being the assumption of continuity of operations not called into question.

- Decree-Law no. 121/2019, of August 22nd, establishes in its article 12, the dissolution and liquidation of "OTLIS – Operadores de Transportes da Região de Lisboa, A.C.E", with the constitution of the companies foreseen in that decree-law and respective commercial registry. Since the Court of Auditors issued, as at December 23rd, 2020, a favourable prior approval for the constitution of "TML- Transportes Metropolitanos de Lisboa, E.M.T., S.A.", the Lisbon Metropolitan Area (LMA) signed TML's public deed of constitution, with effect as at February 17th, 2021 (date of transfer). Thus, because of article 12 of the mentioned Decree-Law, the global transfer of assets from OTLIS to TML took place on the date of transfer, being LMA or TML responsible to agree with OTLIS' members or with its liquidators the compensation for the mentioned transfer.